دار الشروق

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NEWS SUMMARY

GENERAL

Britain in Sinai peace plan

Britain, France, Italy and the Netherlands are expected shortly to announce plans to join a peace-keeping force in Sinai after Israel withdraws next April.

The move could damage prospects for the EEC's Arab peace initiative because it involves a form of participation in the Camp David process which was solidly rejected by most Arab countries. Back Page

Cairo talks

Talks between Israel and Egypt in Cairo next week will try to break the deadlock in negotiations on autonomy for Palestinians living under Israeli occupation on the West Bank. Page 3

Iraqi MiGs shot

Iran shot down three Iraqi MiG fighters and a helicopter in the latest skirmishes of the Gulf war, Tehran radio said.

Nato vote assured

Spain's centrist government is virtually assured of a comfortable majority when plans to take the country into Nato enter the decisive stage in parliament today.

UN election talks

The United Nations Security Council meets today to discuss the election of the secretary-general. Candidates are Kurt Waldheim, seeking an unprecedented third term, and Tanzanian Foreign Minister Salim Ahmed Salim. Page 4

Typhoid in Gdansk

Seventeen cases of typhoid fever have been reported in Gdansk, Poland, the local Solidarity union office said.

Le Monde cleared

Charges were dropped against the Paris daily newspaper Le Monde, accused of attacking the court system in articles about a gift of diamonds to former President Valery Giscard d'Estaing.

Not anthrax

A box of soil found on Blackpool Tower and feared to contain deadly anthrax spores was found not to be contaminated.

Computer probe

The Home Office is investigating claims that information from the national police computer has been disclosed to unauthorised people.

Ministry shelters

Seventeen Government ministers will have access to underground shelters in the event of a nuclear attack, the Home Office disclosed.

Prosser trial

Three prison officers accused of murdering Barry Prosser at Birmingham's Winson Green jail will stand trial in the New Year.

Revision of Mao

The Chinese parliament is expected next month to discuss reverting from the Maoist system of people's communes to something similar to the old districts and townships.

Briefly . . .

Jean-Jacques Ricouard fell 1,000 feet to his death after scaling Kangchenjunga, Nepal.

Car bomb killed or injured about 15 in East Beirut.

Sailors' strike over job cuts stopped French cross-Channel ferries.

Wooden boat carrying 67 Haitian refugees capsized off Florida. At least 31 drowned.

BUSINESS

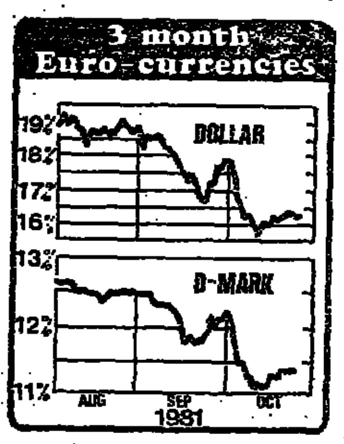
$ firm, Gold off $5.5 in London

● DOLLAR rose to DM 2.309 (DM 2.274), FFr 5.8 (FFr 5.7075), SwFr 1.916 (SwFr 1.8895) and Y236 (Y232.2). Its trade-weighted index rose to 110.5 (109.3). Page 31

● STERLING fell 1.625 cents on the day against the dollar to close at $1.805 in London. It improved to DM 4.1675 (DM 4.1425), FFr 10.46 (FFr 10.39), SwFr 3.4575 (SwFr 3.44) and Y426 (Y423). Its trade-weighted index rose to 88.1 (87.9). Page 31

● EURODOLLAR three-month rates were unchanged, but the euro-sterling rates rose by another ½ of one per cent. Following the recent hardening of short term money rates in the UK, they are now a half percentage point above comparable eurodollar rates, for the first time in several months.

3 month Euro-currencies



● SOUTH AFRICAN rand fell to $1.031 yesterday, its lowest level ever against the U.S. currency. Page 3

● GOLD fell $5.5 to $424.5 in London. In New York the Comex October close was $426. Page 31

● EQUITIES were stable with the FT 30-share index only 0.1 down at 461.8. Page 34

● GILTS: the FT Government Securities Index dropped 0.22 to a five-year low of 60.17. Page 32

● WALL STREET closed 8.75 down at 829.24. Page 32

● AM INTERNATIONAL, the Chicago-based office equipment maker, said it and its UK subsidiaries had defaulted on some bank loans and may default on nearly all debts unless helped by its lenders.

● NEDC report says the Government should apply stricter criteria when assisting foreign companies' investment in electronic components making in UK. Page 6

● EUROPEAN COMMISSION is to increase pressure for EEC industrial policies favouring European multinational companies which it claims are unnecessarily handicapped. Page 2

● WEST GERMANY'S leading economic institutes say the country's current account is likely to be almost in balance in 1982. Back Page

● INDIA is considering import restrictions. Page 5

● BL engineering union negotiator raised hopes of averting next week's strike. Back Page

COMPANIES

● EXXON, the world's biggest oil company, reported a 20.7 per cent drop in third quarter net profits to $1.07bn (£590m). Page 27

● HIGHLAND DISTILLERIES reported lower pre-tax profits of £5.06m (£5.82m) for the year to August 31. Page 22, Lex and Back Page

● MATTHEW HALL, the oil and chemical engineering contractor, will pay $19.5m (£10.7m) for Barnard and Burk, the Louisiana, U.S., engineering company. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
ANZ	332	+ 12
Hall (M.)	177	+ 4
ICI	262	+ 6
Kean and Scott	34	+ 6
Mining Supplies	120	+ 12
Needlers	69	+ 5
Solex (UK)	40	+ 5
Tern-Consulate	70	+ 4
Thorn EMI	396	+ 5
Utd. Scientific	443	+ 23
Wiggins C'strctn.	71	+ 5
Atlantic Res.	305	+ 40
Berkeley Expl.	327	+ 22
Candecca	198	+ 17
Shell Transport	366	+ 10
FALLS		
Treas. 11½pc. 1985	£35¼	− ¼
Treas. 13pc 2000	£84¼	− ½
Allied Plant	16	− 5
Barratt Devs.	203	− 7
British Aluminium	37	− 3
Farmer (S.W.)	130xd	− 12
Grindlays Bank	198	− 4
Ashton Mining	93	− 5
Cons. Gold Fields	477	− 13
Durban Deep	£11¾	− 1
Emperor Mines	80	− 10
Greenbushes Tin	65	− 20
Hartebeest	£29¾	− 2½
Impala Plat.	385	− 15
Messina	330	− 20
North Kalgurli	75	− 6
RTZ	444	− 6
Unisel	436	− 58
Vaal Reefs	£33	− 2¼
Western Deep	£18	− 1¾

Bomb-disposal man dies in IRA Oxford Street blast

BY LISA WOOD

A CIVILIAN bomb-disposal expert was killed in London's West End yesterday as a result of the third bombing in the renewed IRA campaign in Britain following the end of the hunger-strikes in the Maze prison, near Belfast.

Mr William Whitelaw, Home Secretary, condemned the attack as a "cowardly act" and pledged everything possible would be done to bring to justice those responsible.

The explosion occurred in a Wimpy Bar in Oxford Street. An hour earlier an anonymous telephone-caller who said he represented the IRA told Reuters news agency in Fleet Street that three devices had been planted in Oxford Street buildings. Police would describe the device only as "sophisticated."

Police had cordoned off the area, which was packed with shoppers, including children on half-term holiday, when the explosion occurred.

A second device was found in the nearby evacuated Debenhams department store and was made safe by experts. Police last night were still searching the third named location, Bournes department store, formerly the Bourne and Hollingsworth store.

The Metropolitan Police explosives officer killed was Mr Kenneth Robert Howorth, 49, of Bracknell, Berks. Mr Howorth, formerly a warrant officer in the Royal Ordnance Corps, which he joined in 1951, started work with the Metropolitan Police in 1974. Last March he was commended by the Commissioner for his courage in dealing with a man believed connected with an explosive device.

Police had evacuated the Wimpy Bar of its 150 customers and 27 staff when the explosion occurred in a downstairs lavatory, shortly after Mr Howorth had gone to inspect it.

The Wimpy Bar had been open for 18 months. Staff were constantly warned about the possibility of a bomb on the premises.

The blast destroyed the bar and brought chaos to the West End. Police immediately sealed off all roads leading into Oxford Street and ordered people to leave stores and offices. As increasing numbers of roads were closed, traffic in Central London ground to a halt.

The terrorist attack is the first of the renewed campaign to be directed against civilians.

In the first attack, outside Chelsea Barracks, the target was a coachful of soldiers, members of the 1st Bn, Irish Guards, although a civilian died. There the device, which went off in a parked laundry-van outside the baracks, was a nail-bomb.

In the second attack the target was Lieutenant-General Sir Steuart Pringle, Commandant of the Royal Marines. He lost a leg when a bomb blew up his car outside his South London home.

The Provisional IRA claimed responsibility for planting the Oxford Street bombs. In a statement issued through Provisional Sinn Fein officers in Dublin. The IRA said the people of Britain should note that warnings were "a luxury." It called on British people to press their Government to withdraw from Northern Ireland.

If arrested they would be unable to lead police to terrorists further up the chain of command believed to be in hiding in or around London.

● An incendiary device was found yesterday in Pontypridd, South Wales, a short distance from the planned route of the Prince and Princess of Wales.

Picture, Page 6

Airlines to consider fare increases next year averaging 10%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN CANNES

THE WORLD'S airlines are considering increasing fares by an average 10 per cent in two stages next year, with a 5 per cent rise on January 1 and another from April 1.

The proposals, aimed at stemming the mounting losses in the industry, are the subject of bitter debate behind the scenes at the annual meeting in Cannes of the International Air Transport Association.

The industry's tariff co-ordinating committee called for the fare rises after hearing Mr Knut Hammarskjold, director general of Iata, updating previously projected losses for the industry. The 1981 deficit could amount to $2.1bn (£1.15bn), including about $1.2bn in itnerest charges payable for the purchase of new equipment, Mr Hammarskjold said.

For 1982, operating losses before interest were likely to amount to $1.15bn while interest payments would amount to $1.6bn, a total loss of $2.75bn. For 1983, there could be an operating loss before interest of not less than $700m.

Over a full year, a 10 per cent fares rise would yield the airlines more than $6bn in additional revenue.

The proopsed rises still have to be approved by all the airlines and then by their governments, which may take some weeks to achieve.

The suggested rises vary widely between different routes. Within Europe, the increase from January 1 is intende to be about 3 per cent, but fares between the UK and Ireland would rise by varying amounts between 7 and 12 per cent.

Within the Middle East, fares would rise about 4 per cent although, because of currency problems, those on routes to and from Egypt would jump about 20 per cent.

For the routes between Europe and the Middle East in general, there would be increases of between 4 and 6 per cent from January 1.

So far, no increases have been proposed for the North Atlantic route, where the airlines' losses are collectively estimated to be running at more than $650m a year.

Iata intends to call a North Atlantic fares conference on December 2, the first of its kind for five years. The airlines feel able to to dthis because a number of American operators who had originally pulled out of the Iata fare fixing conferences have returned to the fold—notably Pan-Am and also be-

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Pan Am results, Page 27

EEC to move on special steels

BY RICHARD LAMBERT, FINANCIAL EDITOR

THE EEC COMMISSION is about to launch an attempt to stabilise special steels prices which could enhance the chances of rationalisation in the hard-pressed British industry.

The moves follow discussions between the Bank of England, the British Government, steel producers and EEC representatives which culminated in a meeting in Brussels last week.

At the same time, efforts to rationalise another area of overcapacity in the British steel industry—steel castings—took a further step forward yesterday and could go ahead early next year.

A Bank of England-supported report on the special steels sector earlier this year recommended that its 80,000 tonnes capacity should be halved.

But the report, by Professor Sir Frederick Warner, concluded there would be little value in rationalisation unless the industry's market — more than 50 per cent of which is now held by importers—could be stabilised.

In an effort to provide this stability, the EEC Commission is likely to announce soon guidance prices and other measures to reform the marketing of special steels.

If effective, these measures should provide the British industry with a breathing space from cheap imports in which to work out future rationalisation.

There are widespread fears among producers that the British special steels industry will almost entirely disappear unless a restructuring on the lines of Sir Frederick's proposals are put into hand without delay.

Companies representing nearly 15 per cent of the 170,000 tonnes capacity in the steel castingsc industry have indicated a willingness to close down under an industry-financed plan prepared by Lazard Brothers, the merchant bank.

Agreement to remove another 5-10 per cent of capacity is needed to assure the success of the proposals but Mr. Peter Grant, a Lazards director, said yesterday he believed the scheme would go ahead.

Under the Lazard plan, companies which stayed in business would subscribe to a fund to compensate those that eliminated surplus capacity.

In a telex to companies yesterday Lazard said that at present about 40 per cent of the industry was "standing out for a free ride at the expense of tre participators."

Background, Page 5; Lex, Back Page

Masons ousted from Illingworth

BY ANTHONY MORETON

MRS PAMELA MASON was yesterday voted off the board of Illingworth Morris, the wool textile company in which her control of 46 per cent of the shares has been the subject of recent High Court action.

He son Morgan was also voted off the six-member board during an extraordinary general meeting at the company's headquarters in Shipley, a near Bradford, Yorkshire. Neither Mrs Mason nor her son were at the meeting.

A vote on a show of hands for the removal of Mrs Mason produced only two supporters from the meeting of some 150 people. In the next vote, calling for the removal of Mr Mason, just one hand was raised in his favour.

A full vote of shares called for by a Mason representative resulted in 4,919,994 votes held by 1,732 shareholders for her removal and 4,642,221, held by just 20 shareholders, for her retention. The voting on Mr Mason was 4,920,894 for his removal and 4,641,321 for him to stay.

Mr Donald Hanson, chairman of the company, said after the vote that yesterday was a sad day for the company. Mrs Mason was the daughter of its founder, the late Mr Isadore Ostrer. But her removal was a decision of the ordinary shareholders, he said. "We now have a chance of making this company what it should be—a viable organisation."

The clash at Illingworth Morris, one of the leading wool textile companies in the world, arose as a result of a long-standing dispute between Mrs Mason—a former actress, one-time wife of actor James Mason and now a television chat-show hostess in Hollywood—and members of the board, especially Mr Hanson and Mr

Continued on Back Page

Romania critical of Soviet missiles

By Roger Boyes in Bonn

PRESIDENT Nicolae Ceausescu of Romania has called for all nuclear weapons to be withdrawn from Europe, including those of the Soviet Union.

His appeal, which amounts to an unusually open criticism of Moscow policy, was made during a lengthy interview with the Frankfurter Rundschau newspaper. It appears to be a considerable advance on the long-standing Romanian call for a nuclear-free zone in the Balkans.

Although consistent with what Mr Ceausescu has been arguing for some time within the Warsaw Pact, it indicates a direct challenge to Soviet armament policy.

Disarmament was feasible only if a balance of forces could be achieved and the security of all sides was guaranteed, said Mr Ceausescu. "In our opinion this cannot be achieved by adding new weapons . . . we are of the view that it is above all necessary to do everything to stop the deployment of new medium-range weapons and of all nuclear weapons in Europe.

"That applies both to the stopping of the deployment of those missiles produced by the U.S. and to the withdrawal of the Soviet missiles."

His reasoning is almost exactly the same as that put forward by Nato members which support the so-called "zero option." This suggests that the stationing of new U.S. missiles in Europe in 1983-84 will prove unnecessary if the Soviet Union withdraws its force of SS20 multiple warhead missiles which are aimed at Western Europe.

While other East European

Continued on Back Page

Reagan in Awacs plea, Page 4

UK wins orders worth £370m from Brazil

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITISH companies are to receive firm orders from Brazil for capital goods worth $674m (£370m) under a memorandum of understanding signed yesterday in London by Mr John Biffen, the Industry Secretary and Professor Antonio Delfim Neto, the Brazilian Planning Minister.

The orders will be financed by a large Eurocurrency loan provided by nine British banks led by Lloyds Bank International. The Export Credits Guarantee Department is suporting $350m of the financial package.

Lloyds Bank International said the finance package will total about $1.2bn (£659m). This represents not only the contract value to the UK exporters, but also loans related to local development of the major shipbuilding and power generation projects involved.

"The imaginative financial backing which has been negotiated in support of UK participation in these development projects makes this the biggest credit package ever arranged in the UK for a Latin American country," Mr Biffen commented.

The financial package covers six main items decided on in talks between British and Brazilian negotiators over the past few days. They are:

- four roll-on, roll-off ships and two container ships to be built by British Shipbuilders for Sunamam, the Brazilian merchant shipping authority, at a cost of some $200m;
- $54m worth of goods and services for offshore oil development;
- the conversion of the Santa Cruz oil-fired power station in the state of Rio de Janeiro to coal burning by Northern Electrical Industries and Kloeckner UK at a cost of $150m;
- development of the Prospera coal mine in the state of Santa Catarina by Kloeckner UK at a cost of $70m;
- electronic systems for four Brazilian-built corvettes and a training frigate by Ferranti, costing $130m;
- an urban rail transport system for the city of Recife by GEC for $70m.

The orders are to be signed by April 30 next year at the latest, after which the credit offer lapses.

The British side hopes that the memorandum of understanding signed by the Brazilian Planning Minister who is on a tour of Western Europe during which he has agreed several major deals, will boost British expoЯts substantially over the next few years.

Although Brazil is Britain's largest trade partner in Latin America, British exports to Brazil fell from $285.7m in 1979 to $218.2m last year and imports went down from £399.8m to £296.4m in the same period.

British exporters have been disappointed by the delays suffered by the Acominas steel plant and the "Iron Railway" modernisation scheme in which major British companies such as the engineering manufacturing concern Davy Loewy and GEC respectively are already engaged.

Our Shipping Correspondent adds: British Shipbuilders said last night that no definite contract had been signed with Brazil, though it hoped a deal would result from yesterday's memorandum of understanding.

CONTENTS

For latest Share Index phone 01-246 8026

Bleak jobs prospect clouds W. German economic forecast

BY JONATHAN CARR IN BONN

CONSIDER the following two pictures. One is of a country which is the envy of its rivals, with a growing trade surplus, a strengthening currency and a falling inflation rate. The other shows a country facing growing domestic pressures, with economic growth less than previously forecast and sharply rising unemployment.

In fact, these are two versions of the same West German reality, emerging from the autumn report released yesterday by the country's five leading economic research institutes.

Most non-Germans are likely to interpret the institutes' projections for 1982 as a vision of striking economic success. True, West Germany probably will have only about 1 per cent growth in gross national product next year in real terms (after allowing for inflation), compared with minus 1 per cent this year. This rate is likely to be equalled and perhaps exceeded in several other Western countries in 1982.

The inflation rate, however, is expected to be only 4.5 per cent in 1982 after about 6 per cent this year. According to the *institutes' prognosis, this 4.5* per cent will be only one-third the rate likely in France, less *than half the* rate *expected in* Britain, and only a little more than half that expected in the United States (8.5 *per cent*).

Given this big inflation differential, it is not surprising that the institutes hint at a further adjustment in parities within the European Monetary System (EMS)—including a revaluation of the D-Mark—and a still stronger West German currency against the U.S. dollar, too. The only remarkable thing is that the institutes are prepared to quantify the probable improvement. They expect a movement towards about DM 2 to the dollar (compared with a present value of more than DM 2.20 and one of more than DM 2.50 last summer).

The institutes make clear, however, that it is not only the relative West German success in curbing inflation which will boost the currency. A growing trade surplus and an improved current account performance, in their view, will cause the D-Mark to strengthen and thus cut the imported element in inflation. In other words, West Germany will have escaped (at least for a time) from the "vicious circle" of growing current account deficit, a falling currency and rising inflation in which it has been imprisoned for much of the past two years.

The report actually speaks of a current account position in 1982 *coming close to balance*, one of the boldest projections so far made here. Last year, *the current account (the sum* of visible trade, services and transfer payments) was nearly *DM 30bn (£7.25bn)* in the red and the improvement this year is not likely to be very marked. *Even the Bonn Government in* its more optimistic moments has only spoken of a current account deficit next year of "closer to DM 10bn than DM 20bn."

That said, this autumn report also contains dismal news for the Government coalition, which is already locked in difficult negotiations over the 1982 federal budget. Less than two months ago, the Government agreed with difficulty on budget savings measures in the expectation that there would be at least 2 per cent *real growth* in GNP next year and an average 1.4m unemployed. Since *then, Bonn has concluded that* there will only be growth of 1 or 2 per cent, and between 1.5m and 1.6m unemployed. That implies a new deficit of at least DM 7bn in next year's budget.

But the institutes maintain that their projection of 1 per cent *GNP growth implies an* average number of unemployed next year exceeding 1.6m, not *just because fewer jobs will be* available but because more people will be coming on to *the labour market.*

If this prognosis proves correct (and the institutes constantly underline the hazards involved in their calculations) it implies that even the Government's latest budget discussions are based on too positive assumptions.

Further, while the number of jobless expected in 1982 is *markedly less than the figure* likely in, for example, Britain or France, it will be much the highest, historically, for the West Germans.

The left-liberal Government may thus have to face yet another round of budget talks before long, and renewed criticism from a trade union movement which feels Bonn is doing too little to create more jobs. These pressures will be increasing in a year when there are four key provincial elections, whose results could upset the parliamentary balance of power in Bonn. It is a bleak domestic outlook for the Government of a country facing a year of relative international economic success.

WEST GERMAN ECONOMIC DEVELOPMENT
(percentage change)

	1981	1982	1982 1st half	1982 2nd half
GNP (real terms)	−1.0	1.0	0.0	1.5
Consumer prices	6.0	4.5	5.0	4.0
Fixed asset investment (real terms)	−4.0	−3.5	−5.5	−2.0
Net wages and salaries	3.5	3.0	2.5	3.0
Number of employees	−1.0	−1.5	−1.5	−1.0
External component* (DMbn)	5.0	24.5	14.5	10.5

* Balance of goods and services transactions with rest of world.

Israel call to Greece over PLO recognition

By Victor Walker in Athens

ISRAEL yesterday called on Greece's first-ever Socialist Government not to grant full diplomatic recognition to the Palestine Liberation Organisation (PLO), and to withdraw its invitation to PLO leader Yasser Arafat to pay an official visit to Athens.

Greece's new policy on the PLO was revealed in a letter by Mr Andreas Papandreou, the Prime Minister, in reply to Mr Arafat's congratulations on his election victory.

Mr. Papandreou invited the PLO leader to pay an official visit to Greece "as soon as you can," so that "we can have a fruitful personal exchange of views on subjects of common interest, including the raising of the status of your office here."

The Greek Government, Mr Papandreou told Mr Arafat, considered the PLO "the sole representative of the Palestinian people."

At the same time, the Papandreou administration said it "has no intention of revising the status" of the Israeli diplomatic mission in Athens.

This marks a reversal of the policy followed since 1974 by the right-wing governments in Greece, headed first by Mr Constantine Karamanlis and, after his elevation to the Presidency of the Republic, by Mr George Rallis, loser of the October 18 elections.

Both Mr Karamanlis and Mr Rallis had insisted on an even-handed approach to Israel and the PLO. Greece has extended only de facto recognition to Israel, which is represented in Athens by a low-level "diplomatic representation," while the PLO has so far been restricted to an information office not enjoying diplomatic status.

The view had been that the eventual granting of diplomatic status to the PLO should be accompanied by extension of embassy status to the Israeli mission, a move that Athens considered inopportune in view of Israeli policies. Specified in this connection were the proclamation of Jerusalem as capital of Israel and the Israeli raid on an Iraqi nuclear reactor.

Mr Arafat's visit is expected before the end of the year. Mr Papandreou has *signalled* his intention to cultivate friendship more directly with the oil-rich Arab states regardless of the immediate objections of Israel and possible displeasure in Washington and among Greece's EEC partners.

Though reports of "pressure" from Brussels were routinely denied here, the Rallis Government had certainly received observations that its policy on Israel was out of step with that of its new EEC partners.

Mr Papandreou has gone in the other direction, putting Greece rather closer in this aspect of foreign policy to the non-aligned world than to the West.

The Prime Minister was questioned on this in an interview with a U.S. television network, broadcast on Greek television on Sunday night. He said that while he would not like to dictate policy to the U.S., he believed the U.S. would have to open negotiations with the PLO soon, if there was to be a real solution to the Middle East issue.

Yesterday's Israel announcement, issued by the Israeli mission here, called on Greece to reconsider its decisions on the PLO "to avoid causing pain and sorrow to the people of Israel, who look forward to the consolidation of relations with the people of Greece."

Israel and Egypt bid to end deadlock, Page 3

'Qualified optimism' as Madrid talks resume

BY ROBERT GRAHAM IN MADRID

A FRESH attempt to break the deadlock in the Conference on Security and Co-operation in Europe (CSCE) will be made in Madrid today when delegates from 35 East and West European states and the U.S. and Canada resume negotiations after a two-month recess.

The conference, held to review the framework for detente laid down by a similar meeting in Helsinki in 1975, was originally expected to end last March. However, it continued through to the end of July, with only slow progress on minor issues.

Basic tensions that have dogged detente since the Soviet invasion of Afghanistan have undermined any feeling of mutual confidence. For most of the first session, which started on November 11 last year, the two sides did little more than trade insults.

But, after the summer break, *some Western delegates are* showing a degree of "qualified optimism". The optimists believe that the conference can be wound up by Christmas and minimal agreement achieved with the Soviet Union and its allies on the terms of a proposal for a European disarmament conference.

U.S. delegates, however, point out that formidable differences remain over attitudes to detente and what the CSCE process itself means. This is underlined by the fact that the present review meeting has already *lasted twice as long as the* previous one held in Belgrade from 1978 to 1979.

So far, the Soviet Union has refused to commit itself unequivocally to another follow-up conference. This position is unacceptable both to the Nato members and to the non-aligned states represented in Madrid as one of the chief virtues of the Helsinki Final Act is seen to be the review process whereby, every two or three years, the frame-work and conduct of detente is reviewed.

THE Soviet Union said yesterday it agreed with Western assessments that it was "quite feasible" to conclude the conference by the end of the year, but only if all sides took a realistic approach to settling their differences, writes our *Moscow correspondent.* The Soviet news agency Tass highlighted the Soviet proposal to *extend the "zone of confidence-building measures"* on the East-West border as an area *in which progress was* "absolutely essential."

The Soviet review of prospects for the conference called for "abandonment of attempts to upset the balance of political interests" represented by the participants. This is perhaps an oblique reference to Western complaints about the abuse of human rights in the Soviet Union. The Government newspaper Izvestia yesterday called on all parties to exercise "maximum goodwill and patience" in order to complete the meeting on its current schedule.

For the West, this provides an important platform to challenge the Soviet Union and its allies over their human rights record and their attitude to the free flow of information. The Madrid conference, in particular, has offered a major opportunity to castigate the Soviet Union over its invasion and subsequent occupation of *Afghanistan.*

Precisely because the Soviet Union has been put in the dock *by the review process, Moscow* is reluctant to see a repetition. Yet it does not wish to be seen *to torpedo the CSCE process,* which has had the great advantage for it of recognising the status quo in Eastern Europe.

Added to this, the Soviet Union came to the present conference primarily concerned with promoting disarmament. It is supporting a Polish proposal for a conference on disarmament and military détente in Europe as an integral part of the CSCE process.

Western delegates regard such a proposal as mainly propaganda and are concerned that the Helsinki Final Act spirit be retained. This means that there should be a careful balance between measures that promote security and measures that promote economic and social co-operation.

As a result, the Nato countries have backed a French proposal for a disarmament *conference. This has a number* of preconditions, the most important of which are that the conference must cover an area extending to the Urals and that there be meaningful confidence-building measures which are easily verifiable.

The point here is that the West is not prepared to go ahead with a full disarmament conference without first ensuring that there is agreement on elementary measures such as notification of troop movements which will help cement détente.

The Soviet Union has accepted that such a conference now extend to the Urals. It holds this to be an important *concession since this means* acceptance that troops and weapons stationed inside the *Soviet Union are part of any* meaningful attempt to prevent surprise attack in Europe.

There is continued disagreement, however, over the air and sea adjacent to continental Europe to be covered.

The basic Nato calculation *appears to be that the Soviet* Union will be willing to pay a price for the present meeting *to agree on a disarmament* conference. Certainly, this is the issue which will unblock *matters here because, until now,* Moscow has made progress on other matters conditional on such agreement. This includes a number of items still to be agreed under the heading of security. More importantly, though, it includes all the matters relating to human rights and the free flow of information.

Strikers ignore Solidarity appeal

By Christopher Bobinski in Warsaw

ABOUT a quarter of a million Poles stayed away from work again yesterday, in defiance of a call on Friday by the independent Solidarity union for an end to all local stoppages before the hour-long national strike called for tomorrow.

Efforts were being made to resolve the conflicts, however, and a *delegation from* Zielona Gora, where the whole region is on strike, went to Warsaw for *talks on* their demand that a union official be reinstated.

Meanwhile, a government commission led by Mr Andrzey Jedynak, a Deputy Premier, is trying to estimate the losses from the strike in the Tarnobrzeg region. This protest against poor food supplies started last Friday and has affected Poland's sulphur mines and important engineering works, some of which produce armaments.

In Konin, west of Warsaw, a 15-minute warning strike was held in support of a demand that a new police headquarters be handed over *to the social services.*

Deputations from Warsaw factories also went to see officials in an attempt to break a deadlock over a stoppage by textile workers in Zyrardow, 25 miles west of the capital.

In Warsaw, miners' leaders in Solidarity began talks at the Mining Ministry in an attempt to try to resolve the conflicts over Saturday working. The union wants the authorities to end a scheme *under which miners working* on Saturdays are paid triple time. Instead, it would like *weekday rates to go up and* Saturday working to be paid at a more moderate rate.

Solidarity has opposed the scheme ever since it was introduced last month. Nevertheless, the Mining Ministry says output rose by 59,000 tonnes to 203,000 tonnes last Saturday, compared to the previous Saturday.

Alan Friedman adds: Bankers involved in the rescheduling of Poland's 1981 *commercial debt indicated* yesterday that responses had been received from most of *the 460 Western creditor* banks. The formal approval of these banks has been sent to *the 21 members of the task* force which negotiated agreement in principle at the end *of last month.*

Brussels wants fairer deal for multinationals

BY JOHN WYLES IN BRUSSELS

THE European Commission is to step up its pressure for EEC-wide industrial policies designed to favour European multinational companies which, it claims, are labouring under unnecessary handicaps.

In the new policy documents sent to EEC governments yesterday, *the Commission claims* that excessively nationalistic policies for research and development *and public* procurement are denying the Community advantages being reaped by the U.S. and Japan.

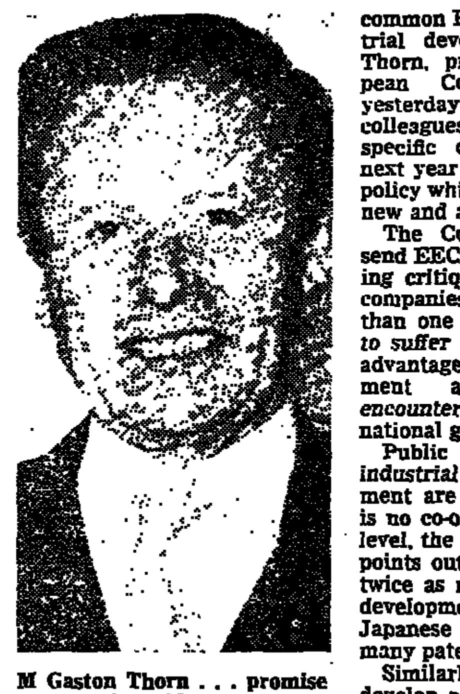
This analysis is the key to a stream of policy proposals for industrial restructuring and innovation, energy developments and job creation which the Commission wants to be the basis for the Community's development in the 1980s.

Together with the proposals for reforming the common agricultural policy and restructuring the EEC budget, the Commission's plans are aimed at providing the basis for agreement in negotiations now under way among the Ten to set the Community on a more constructive economic and political course.

However, Lord *Carrington*, the British Foreign Secretary and current president of the EEC *Council of Ministers*, emerged from a two-and-a-half hour discussion with his col*leagues yesterday to admit that* there was no censensus yet in sight on the main lines of Community reform.

He said that the special "mandate" group of EEC ambassadors which is trying to agree broad guidelines for next month's Community summit in London would have to speed up its work and would need more political will from member governments.

Meanwhile, the Commission is hoping that these negotiations *will signal* the go-ahead for, among other things, a more determined push to achieve a common EEC strategy for industrial development. Mr Gaston Thorn, president of the European Commission, promised yesterday that he and his colleagues would produce specific details and proposals next year for an EEC industrial policy which would contain some new and audacious ideas.



M Gaston Thorn . . . promise of audacious ideas on industrial policy

The Commission is also to send EEC governments a blistering critique which alleges that companies established in more than one member country tend *to suffer as many handicaps as* advantages because of the treatment and mistrust they *encounter at the hands of* national governments.

Public funds allocated for *industrial research and development* are wasted because there is no co-ordination at European level, the Commission asserts. It points out that the EEC spends twice as much on research and development as Japan but the Japanese register four times as many patents as Europeans.

Similarly, the failure to develop a European approach t the development of microtechnology means that Japan is rivalling the U.S. share of the world micro-processing market (40 per cent) while Europe has 10 per cent of this market, despite spending twice as much each year on developing the technology.

The *Commission claims* that an investment recovery in the EEC would be greatly helped if *industry had confidence* in the existence of a genuine European market.

Lisbon bid to speed entry talks

BY OUR LISBON CORRESPONDENT

PORTUGAL IS sending a high-level ministerial team to Luxembourg today in an attempt to breathe new life into negotiations for its entry into the European Economic Community.

This will be the first contact at such a level between Lisbon and the Community since the new Democratic Alliance administration of Sr Francisco *Pinto Balsemao was sworn in* last month.

Led by Sr Joao Salgueiro, the *Finance Minister, the team is* expected to present its answers to EEC proposals on the customs union, *freedom of* movement for Portuguese labour and transfers of capital —*all of them issues presenting* problems. The team is also instructed to reject any EEC *attempts to limit Portuguese* textile exports after accession. Textile exports are vital to Portugal's economy. The team is also to examine ways of avoiding the possibility of Portugal becoming a net contributor to the EEC.

The Portuguese are going to Luxembourg at a time of grow*ing apprehension* among politicians and businessmen here about the effects entry will have *on* Western *Europe's poorest* economy.

Only 18 months ago, an *earlier Democratic Alliance* Government was pushing for EEC membership as "priority *of priorities" and had set 1983* as the final date for signing the treaties of accession. This "*priority*" *has now slipped* significantly and the entry date has dropped back to 1985.

In part, the problem stems from arguments within the EEC itself over the common agricultural policy and the budget, but Portuguese political instability coupled with serious concerns by France, West Germany and Luxembourg over labour migration have helped to slow negotiations.

These countries—and Luxembourg, in particular, where Portuguese represent the highest number of immigrant workers in the population—fear a new flood of migrants after accession.

The Portuguese Government *is firmly insisting, however, that* the treaty on labour movement be implemented immediately *after membership. Lisbon has* warned it will only end restrictions on capital movements if *this happens.*

French reported sending arms to Chad President

BY DAVID WHITE IN PARIS

THE FIRST hint of active French military aid for Chad's President Goukouni Oueddei came in separate but unconfirmed reports yesterday that Paris had already begun sending him small arms and ammunition.

The reports came just a few days after President Francois Mitterrand's appeal, made at the North-South summit in Cancun, Mexico, for the urgent dispatch of an inter-African peacekeeping force to the former French colony.

The French External Affairs Ministry refused to comment on the arms shipments, reported to have started last week. The French Govrenment, which invited the Chad President for talks in Paris last month, has promised to help the country rebuild its armed forces.

The French initiative on the planned peace force, backed by the U.S. Administration, reflects persistent tension in Chad, recent heavy fighting in the centre of the country between loyal forces and dissident elements, and reports of renewed pressure by Libya for a union between the two countries.

Col Muammer Gadaffi, the Libyan leader yesterday sent a message to President Mitterrand via the French embassy in Tripoli. Its contents were not disclosed. Libyan troops were instrumental in securing victory for the Chad President over rival forces at the end of last year.

President Daniel Arap Moi of Kenya, has responded favourably on behalf of the Organisation of African Unity to M Mitterrand's appeal.

So far, Senegal, the Ivory Coast and Nigeria have said they are ready to send contingents for the peacekeeping force. Nigeria's offer was made despite the principle laid down in earlier settlement accords that Chad's neighbours would stay out of any buffer force.

Cameroun, another of Chad's neighbours, has backed the idea that a force should be put together rapidly with United Nations help, but has refused to participate in it. Gabon has said ti would prefer a UN force.

Dutch move on Third World aid

By Charles Batchelor in Amsterdam

THE DUTCH Government is to monitor more closely the aid it gives to pressure groups active in Third World affairs. The government has also frozen funding for the National Commission for Development Aid at Fl 10m (£2.2m) a year.

The commission helps some 250 pressure groups mainly active in publicising Third World problems in the Netherlands. The groups it helps include a number of anti-apartheid organisations.

The commission's funds will not be allowed to become a "bran tub" for activities unconnected with aid to the Third World, Mr Kees van Dijk, Development Aid Minister said at a symposium to mark the 10th anniversary of the commission.

The Government intends particularly to review whether this money is going to fund peace groups and organisations opposed to nuclear weapons.

It remains an open question *whether a reduction in* armaments would lead to an increase in aid to the developing world, Mr Van Dijk said. For aid funds to go for this purpose might damage the cause of development aid.

The Minister said he would be holding discussions with the commission about the choice of groups it supports, the areas on which Third World publicity should concentrate, and the criteria for judging an application for aid.

Mr Jan de Koning, Development Aid Minister in the previous Government, called for a change in the system whereby the Minister could only intervene after funds had already been spent on a project. Too many proposals had only a distant connection with the problems of the Third World, he said.

Turkish newspaper shut

BY METIN MUNIR IN ANKARA

TERCUMAN, Turkey's largest right-wing daily newspaper, was shut down indefinitely by the Istanbul martial law authority yesterday for publishing articles which criticised the military regime's recent decision to dissolve all political parties.

The articles were written last Saturday and Sunday by Ms Nazli Ilicak in her front page column in the newspaper, which is published by her husband.

"If we bend our pens like reeds before a strong wind, we cannot have the right to criticise any politician when democracy is restored," she wrote.

Tercuman sells more than ½m copies and is Turkey's third largest daily. It generally supports Gen Evren, Turkey's military ruler. But Ms Ilicak, has often been strongly critical of hte military administration.

● A Turkish delegation left yesterday for Kuwait to seek financing for public industrial projects totalling $2.4bn (£1.3bn), a senior Foreign Ministry official said.

Mitterrand shows surprising continuity with Giscard, writes **John Wyles**

France freshens up its European colours

France's latest EEC policy document promises backing for proposals by the European Commission to alleviate worsening social and economic problems in the Community. This looks likely to lead to some significant developments.

EVER SINCE the document was handed to them last week, France's EEC partners have been scrutinising her proposals for a "*relance Europeene*" with nervous excitement.

All will admit, however, that the basic construction embodies a clever use of existing components and that there is nothing unacceptably daring about the design. But many are wondering why it is there at all. It adds very little to what was already known about French thinking on the main elements of EEC reform.

Paris does not intend it to be discussed in any EEC forum and is not following it up with any major diplomatic push in *Brussels.*

One suspicion here is that Paris has felt the need to *freshen up a coat of paint on* its "European" colours to remove the tarnish which has recently become evident. Ever since it came into office, M. Mitterrand's Government has seemed more interested in EEC development than its predecessor: but it has also been just as prepared to ignore EEC rules by, for example, excluding large imports of Italian wine, when the national interest is being jeopardised.

The document may help EEC partners by clarifying the differences and similarities between M Giscard's and M Mitterrand's approaches to the EEC. The differences are obvious.

The document stresses the need for more action at a Community level to stimulate employment, new social policies to help the unemployed and the handicapped and a *more constructive dialogue with* European trade unions. It emphasises the importance of *better relations with the Third* World and even shows a cautious readiness to allow more decisions *by majority vote* in the Council of Ministers. It claims that these objectives can be achieved by a greater use of the EEC's borrowing powers at very little extra cost to the Community's hard-pressed budget.

Since there is a general acknowledgement among the Ten that EEC policies must focus more sharply on worsening social and economic problems, the promise of French backing for the European Commission's proposals in these areas (some of which have been gathering dust for years) looks likely to lead to some significant developments.

But the document also reveals some surprising political and ideological continuity with the Giscard years. If anything, its insistence on the need to remove the variety of technical obstacles to free trade within *the EEC is firmer than before.* Its call for a progressive broadening of public procure*ment policies is* impeccably liberal and an eye opener from a country whose preference for giving public contracts to national undertakings has long been a byeword.

Free trade within the EEC, however, appears more important than free trade without. The document is so vague on the subject that it could be interpreted as leaning heavily in the direction of protection. The EEC's trade and customs policies, must it says, help internal industrial development and job creation policies.

On agriculture, there is no more than a marginal difference on objectives from previous French policy. As far as the Common Agricultural Policy (CAP) is concerned, French interests seem unchanged. Paris wants to see a lower growth in CAP costs and would attack production surpluses by making maintenance of the small farmer the objective of price guarantee policies. Larger, more efficient producers would receive less in price support, and would be encouraged to produce less.

Mme Edith Cresson, the French Agriculture Minister, has flushed out some of this vague thinking in a memoran*dum to the European Commis*sion indicating that while France may be prepared to try to reduce *surpluses, she* is reluctant to transfer any more responsibility from the CAP to national governments for the maintenance of farm incomes.

In addition, the French Government is placing as much if not more emphasis than before on protecting "Community preference" against agricultural imports entering the EEC on favourable terms. In this respect, France's Socialist Government appears little more concerned for consumers than previous governments in Paris.

The document gives very few clues to French priorities, apart from the general objectives of economic recovery and reducing unemployment. Its true importance is almost certainly tactical for the negotiations which the Ten are committed to concluding by the end of the year on new EEC policies, CAP reform and budget restructuring.

France traditionally keeps its EEC partners guessing as to where final agreement on any major Community issue may lie. The document maximises the possibilities of trading off an agreement on, say, a long term settlement of Britain's EEC budget problems, in return for concessions on agriculture or the development of new policies.

It offers the scope to hold up negotiations on any one policy area, because *insufficient* progress is being made in others to satisfy declared French objectives. Paris may be seeking more from the EEC than ever before, but under M Mitterrand, as under M Giscard, it is politics as usual.

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West alters plan to end guerrilla war in Namibia

BY J. D. F. JONES IN JOHANNESBURG

THE WEST has significantly altered its proposals to end the guerrilla war in Namibia and bring the South African-controlled territory to independence.

Under proposals disclosed yesterday, the future constitution of Namibia will have to be approved by a two-thirds majority of the Constituent Assembly which is to be elected under United Nations supervision.

This became known in Windhoek when details of the proposals of the contact group of five Western nations were given to the internal South-West African political parties.

The requirement of a two-thirds majority is a significant "strengthening" of the earlier Western guidelines, first drawn up in 1978 and the basis of UN Security Council resolution 435. The value of this change in white South African eyes will be that it offers some protection against the South West African People's Organisation (Swapo) winning a modest electoral victory and then imposing an extremist constitution on the territory. It would give the non-Swapo parties a "blocking third," at least during the process of drawing up the constitution.

A high-level team of envoys from the five Western Governments, led by Dr. Chester Crocker, U.S. Assistant Secretary of State for Africa, is expected to arrive in Cape Town tonight to discuss the proposals with the South African Government. The team will go on to Windhoek for two days of talks with the internal parties, and will then visit Botswana, Zimbabwe, Zambia, Mozambique, and Tanzania to brief the "Front-line Governments" whom they hope will use their influence on the exiled Swapo leadership.

The South African Government, in a statement last night said the proposals had already been discussed at senior Cabinet level but that a response would be forthcoming only after the internal parties had been consulted as well as the Western envoys.

The text of the constitutional part of the Western proposals says that the Constituent Assembly "should be elected so as to ensure fair representation in that body to different political groups representing the people of Namibia."

The principles of the constitution, the document goes on, include:

- That Namibia will be unitary and democratic;
- The Constitution "may be amended only by a designated process of either the legislature or the votes cast in a popular referendum";
- The judicial branch will be independent;
- Fair representation of the different political groups will be achieved "for example, by proportional representation or by appropriate determination of constituencies or by a combination of both";
- There will be a declaration of human rights, enforceable in the courts.

All these proposals may be seen as the Western response to South African and white Namibian fears of a Swapo victory at the polls. Most observers believe that Swapo would win an election, thanks partly to the numerical superiority of the Ovambo tribe and partly to the prestige of having waged a liberation war. But it is impossible to guess whether Swapo would win more than two-thirds of the votes.

The other main concern of the whites and of the South African Government has been that the UN presence will favour Swapo since the UN has recognised the group as the sole representative of the people of Namibia.

The original timing, worked out in detail in 1978, was for a seven-month period between a ceasefire and the election to the Constituent Assembly. This will probably stand.

Mark Webster writes from Lagos: Representatives of the contact group left Lagos for Angola yesterday after what Dr Crocker described as a "useful and constructive" meeting with the Nigerian authorities.

Nigeria appears to have raised no serious objections to the Western plans.

The five had a 45-minute discussion with President Shehu Shagari about constitutional principles for an independent Namibia.

Rand falls to lowest level against U.S. dollar

By Bernard Simon in Johannesburg

THE SOUTH AFRICAN rand fell to its lowest level ever against the U.S. dollar yesterday as concern mounted over the outlook for the country's balance of payments.

The rand closed at a mid-rate of $1.031 in Johannesburg yesterday, after opening at 1.035. Sterling was quoted at 1.750 rand.

Between January and July, the rand fell from $1.35 to just below $1.04, reaching its previous low point when the gold price was less than $400 an ounce. The currency staged a modest revival during late August and September, mainly in reaction to the improved gold price, but has weakened again during the past three weeks.

According to foreign exchange dealers in Johannesburg, the fall is partly due to the stronger dollar. The Reserve Bank, which manages the rand's exchange rate, is heavily influenced by movements in the dollar, in which most of South Africa's exports—including gold—are denominated.

An unexpected large deficit on the current account of the balance of payments is believed to be a crucial factor in the Reserve Bank's decision to hold the rand down. The deficit is likely to reach close to R4bn this year, Twice as high as most economists had predicted

According to an economic survey published by Nedbank, a leading banking group, the current account will remain in deficit for the whole of next year, barring a sharp and sustained rise in the gold price.

Some Kharg oil exports 'resume'

BAHRAIN—Iran has restored at least some oil exports from the Kharg island terminal in the Gulf despite last month's Iraqi air raid which heavily damaged the main pump station at Gurreh, the Middle East Economic Survey said yesterday.

MEES said it appeared three tanker nominations for Kharg were accepted by the National Iranian Oil Company in the week following October 19, while a nomination by Japan's Mitsubishi to load a tanker at Kharg on October 26 had also been accepted.

Reuter

Israel, Egypt in bid to break deadlock on Palestinians

BY DAVID LENNON IN TEL AVIV

ISRAEL and Egypt are to hold top-level discussions in Cairo next week in an effort to break the deadlock in negotiations on autonomy for the Palestinians living under Israeli occupation on the West Bank and in the Gaza Strip.

This was agreed during a meeting in Jerusalem yesterday between Mr Menahem Begin, the Prime Minister, and Gen Kamal Hassan Ali, the Egyptian deputy Premier and Foreign Minister. Gen Ali is on a three-day visit to Israel which seems primarily designed to reassure Israel that the peace process will continue, despite the assassination of President Anwar Sadat.

Mr Begin said that the two countries would concentrate their efforts in the near future on the election of a Palestinian administrative council for the occupied territories in an attempt to bring about a breakthrough in the negotiations.

However, the Premier admitted that, in addition to concentrating on the "election, formation, establishment and inauguration" of this body, the negotiators will also have to "decide about the function of the administrative council." The question of the function and powers of the council has, in fact, been the source of the deadlock which led to the suspension of negotiations in May last year

The autonomy negotiations have just been resumed but immediately it became clear that the two parties still hold widely conflicting views about the degree of self-government which the Palestinians should be granted.

Egypt believes the Palestinian council should have legislative, judicial and executive powers concerning most aspects of their life. Israel is insisting that the powers devolved to the Palestinians should be limited mainly to municipal and local government matters.

General Ali said that the November 4 ministerial-level talks in Cairo will be designed "to push forward our negotiations." He added that there is no "target date" for completing the autonomy talks.

The Israeli Premier said that although he and the late President Sadat had agreed that an effort should be made to conclude the talks by December, "it is possible we will have to continue the negotiations beyond that date."

Many Israelis, including Mr Ariel Sharon, the Defence Minister, want to see agreement reached on Palestinian autonomy before the final Israeli withdrawal from Sinai next April. "Agreement can be reached before April." Mr Sharon said yesterday. "There are many problems but the differences can be bridged."

Mr Begin also said that once the Palestinian administrative, or self-governing authority was established, Israel would withdraw the military government. It would also withdraw some of its forces from the occupied territories and redeploy the remainder in specific security locations, as agreed upon at Camp David.

"We will prepare the specifications and we shall present a map of the locations in which the forces will be stationed," the Premier said, without making it clear if this would be done before agreement is reached on all the other points.

A SHARP conflict has developed between Israel and Major Saad Haddad, the commander of the Israeli-backed *Christian militias in southern* Lebanon, the Beirut newspaper An Nahar said yesterday, Ihsan Hijazi reports from Beirut.

The newspaper said Major Haddad may soon announce his resignation as commander *of the Christian enclave* which runs parallel to the border with Israel.

The cause of the conflict, the report said, is the Israelis reported seizure of a large section of land in the Marjeyoun district which is *part of "Haddadland,"* the enclave which the former Lebanese army officer controls with his Israeli-supplied militiamen.

According to An Nahar, the Israelis have fenced off an area six kilometres long and *five kilometres* wide and established direct military control on it against protests from Major Haddad

Khartoum needs long-term support, writes **Alan Mackie**

Sudan tries to make a clean start

NOW THAT Sudan has agreed a one-year standby credit with the International Monetary Fund (IMF), it intends to call a meeting of its Western creditors to discuss financial support for long-term development, according to Mr Badr El-Din Sulaiman, the country's Minister of Finance and Economy.

The SDR 198m (£124m) standby credit gives a badly needed boost to President Gaafar Numeiri. Since he took power 12 years ago he has survived a number of coup attempts—one of them very nearly successful.

Never before, however, has his regime been under such pressure from outside and within. Colonel Muammer Gadaffi of Libya is harassing the country's western border and not relenting in anyway in his efforts to subvert the established Sudanese order. The recent round-up of more than 10,000 citizens gives an indication of the extent of disaffection.

In the Arab world, Sudan is ostracised because of its backing for the late President Anwar Sadat of Egypt and his policies. The isolation is depriving Sudan of aid from surplus oil producers, particularly Saudi Arabia, which it desperately requires. The near bankrupt economy is, perhaps, the biggest threat to the regime.

The "consortium for Sudan support," as it will be called, will convene in Paris under the auspices of the World Bank and the IMF after Sudan has signed a debt rescheduling agreement with its commercial bank creditors and after the second round of the club of Paris meeting in mid-December.

Mr Sulaiman approved on Thursday the commercial debt rescheduling package worked out by UK banker Morgan Grenfell and is now concentrating on concluding the second round of the club of Paris negotiations on rescheduling institutional debts incurred by Sudan after June this year. The sum involved in both sets of negotiations is just under $1bn (£543m) he told the Financial Times.

Mr Sulaiman said subsidies, both direct and hidden (specifically the abolition of the official exchange rate of 50 piastres to the dollar, which is still maintained for a few basic commodities) will be phased out within two years. He did not rule out a devaluation of the parallel exchange rate of 80 piastres to the dollar which is currently trading at a 25 per cent discount on the "free" market rate.

Mr Sulaiman intends to raise funds by requiring Sudan's estimated 400,000 expatriate workers to pay 10 per cent tax and remit a further 10 per cent of their overseas earnings to the Sudanese treasury. Workers who adhere to these rules will earn customs and other privileges and exemptions. Those that do not will not be able to renew their passports.

The $100m raised by these measures will help plug the expected $600m (£326m) foreign exchange gap in the current fiscal year ending next June. In addition, Mr Sulaiman expects to receive $250m from the IMF under the current agreement and in other quotas. He is also banking on $150m from the Arab Monetary Fund and Saudi Arabia. Additional financing will come from the commercial banks and supplier credits.

He also hopes that higher foreign exchange earnings may narrow the gap more than expected

Reform of industry, where output has been declining, is taking the form of physical rehabilitation and structural reform of the public sector companies to make them financially and managerially autonomous. This programme will bear fruit in three to five years, said Mr Sulaiman.

Agricultural reform has until now been limited to overhauling pricing policies to give farmers greater incentives. Last season's disastrous cotton crop has, however, raised worrying questions about the policy's effectiveness.

The Government's policy is to trim the public sector and open all but infrastructure and public services development to the private sector.

Observers feel that the IMF agreement will improve the business climate. However, it still leaves some questions unanswered. Mr Sulaiman has been looking for an upper limit on monetary expansion of 30-35 per cent. The IMF, on the other hand, felt that the Government had underestimated the impact of military spending on the budget deficit and thus on the money supply. Inflationary pressures are likely to build up again, with inflation now running at 25-30 per cent.

Even with the IMF standby credit, the immediate future for the balance of payments looks difficult.

President Numeiri: received a *badly needed boost*

Sudan's oil hopes highlight the authorities' dilemma. In spite of claims by Mr Sherif El Tuhami, the Energy Minister, that the country will become an oil state in its own right within three years, it will be at least that time before the Kosti refinery, 200 miles south of Khartoum, will be completed and oil can make any economic contribution.

Apart from the Kenana sugar project, there are no immediate foreign exchange earners to counter the next few years of rising indebtedness. For these reasons, Sudan will be counting on its friends at the Paris meeting for assistance and has every incentive to go there with its debt slate clean.

Reagan in last plea for Awacs sale

By David Buchan in Washington

PRESIDENT REAGAN yesterday launched a final lobbying blitz for his proposed $8.5bn (£4.7bn) sale of Awacs radar planes and jet fighter equipment to Saudi Arabia, on which the U.S. Senate is to hold its crucial vote tomorrow.

But as Mr Reagan invited a first batch of seven uncommitted senators to the White House, another previously uncommitted legislator, Senator Patrick Leahy of Vermont, a Democrat, announced he would cast his vote against the controversial sale.

The Administration's leading ally on the Awacs issue, Senator Howard Baker, the Republican leader, has revised his forecast of an actual majority in favour of Awacs to the possibility of the Senate splitting 50-50 in tomorrow's vote. Such a "draw" would still allow the sale

The Administration has predicted dire consequences for U.S. policy in the Middle East if the Awacs (Advanced Warning and Control Systems) sale is voted down. It has made clear it intends—whatever the outcome on Awacs—to bolster security for the Gulf oil fields against a Soviet or any outside threat.

The 1982-83 defence budget, now in the first stage of drafting, will show a substantial increase in expenditure on the rapid deployment force, the Administration has told Congress.

A joint State and Defence Department statement, released yesterday by a congressional committee, said: "We intend to tailor our forces, using those forces from the region plus reinforcements from the U.S., to meet an evolving threat."

This threat was defined as ranging from limited outside interference by the Soviet Union to a full scale invasion of the Gulf region.

GM cancels $500m car plant as excess capacity continues

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS, which last week announced a $468m (£257m) third quarter loss, has cancelled plans for a $500m (£274m) car assembly plant in Kansas City. The company refused to explain the background to the decision.

The Kansas City plant was to have replaced a nearby Oldsmobile, Buick and Pontiac plant. GM did not say whether it would still close the old plant.

GM has also started to question whether it is sensible to try to maintain all the previous size and class distinction in its car model ranges, when the size of cars is being reduced sharply.

The company is understood to have scrapped plans already for its so-called B-body cars, which were destined for the larger end of GM's size range in the mid-1980s.

There is also speculation that GM will never build its projected all-plastic sports car, known as the P-car and that its need for a mini car (a market sector which none of the U.S. manufacturers now supplies) will be met with a direct import from Suzuki of Japan, with which GM recently arranged an equity tie.

Two years ago, GM's strategy was to blanket every division and sub-division of the car market with distinctive products, which none of its competitors can afford to do.

But as car sizes come down, it is becoming possible and much cheaper to cover the market merely by offering variations of a more limited range of so-called "platforms."

Chrysler, for example, has only two basic platforms, the L and K bodies. Ford's medium-range plan envisages only three.

It is still not clear, however, whether GM's changing product strategy implies a cut in the $8bn (£4.4bn) a year capital spending programme planned for 1980-85.

GM's decision on the Kansas plant is probably unrelated either to its poor third quarter result or to the fact that in the first 20 days of October car sales have slipped to a 23-year low.

Even when the market recovers, the sustained penetration of imports and the greater efficiency of the U.S. industry's new plants suggest there is still considerable excess capacity.

Machine tool orders drop 50%

By Our New York Staff

THE LEVEL of orders for machine tools, a key indicator of the strength of U.S. industrial investment, fell to its lowest point in five years last month, adding to the emerging picture of an economy in recession.

Orders for all types of machine tools fell 50 per cent to $188m (£103m) compared to the same month last year. This was also 12 per cent down on August's levels, according to the National Machine Tool Builders' Association in Cleveland.

The September figures mean that orders for the third quarter were down 34 per cent from the same quarter last year.

The industry blames the fall on record high interest rates and uncertainties about the economy.

Venezuela to exploit gas finds

BY KIM FUAD IN CARACAS

VENEZUELA IS taking steps towards commercial production of the major natural gas reserves its state oil industry has discovered in Caribbean waters following three years of offshore wildcat drilling.

Thirty-eight wells completed at a cost of about $350m (£192m) along the country's 1,740-mile-long Caribbean and Atlantic coasts have come up with initial natural gas reserves of between eight and 10 trillion cubic feet.

Even if these reserves were halved, commercial production would be attractive, according to a pre-feasibility study by Elf-Aquitaine commissioned by Petroleos de Venezuela (PDVSA), the state oil monopoly. Petroleos has now given its approval for a feasibility study for eventual production of the gas.

Lagoven, one of the three operating subsidiaries chosen by Petroleos to begin offshore drilling in October 1978, has been the biggest winner, with half of its 18 wells completed testing gas or oil. By comparison, the world success average for offshore wildcat wells is 20 per cent.

Lagoven geologists claim that eight of the wells drilled north of the Paria Peninsula, in eastern Venezuela, are commercial gas producers.

Three fields have been discovered in a major structure, and Lagoven is now looking at a possible fourth commercial area.

Reserves could be as much as 20 trillion (million million) cubic feet.

Geologists believe that adjacent areas may provide substantial additional reserves. Lagoven will define these areas in 1982.

According to the Elf-Aquitaine study, the cost for producing the gas would come close to $3bn and take between eight and 10 years to bring onstream from the time of discovery to actual commercial production.

Petroleos's two other operating subsidiaries drilling offshore have been less fortunate. Corpoven gave up after drilling 11 wells east of the Paraguana Peninsula, with commercially unattractive results.

The third company, Maraven, has had some gas and oil strikes in Caribbean waters.

Haiti refugees drown off Florida coast

By David Buchan in Washington

AT LEAST 33 Haitian refugees drowned yesterday when their boat broke up in the Florida surf, underscoring the tragedy of the exodus of illegal immigrants from the Caribbean island to the U.S. which President Reagan has promised to stop.

The U.S. Government regards the Haitian "boat people" as victims of poverty on their island, rather than refugees from political persecution. Thus it is less willing to accept Haitians than Cubans.

As part of its policy of tightening up on illegal immigration, the Reagan Administration has started to send U.S. coast guard ships to intercept refugee boats.

Trade gap pushes India to review imports policy

BY K. K. SHARMA IN NEW DELHI

INDIA'S Commerce Ministry is to review the country's import policy, foreshadowing the introduction of selective restrictions to narrow the yawning trade gap.

The decision comes as a surprise. The International Monetary Fund had stipulated that import restrictions should not be imposed. This was one of the condtions for sanctionng of the $5.6bn (£3.1bn) loan which is to be considered by the IMF executive board on November 9 in Washington.

Obviously with an eye on the meeting, the Commerce Ministry has announced that no imports meant for the modernisation of ndustry and agriculture or for increasing production will be affected.

This means that imports of capital goods and industrial raw materials will be unaffected by the policy review, the results of which are to be finalised by November 19.

The selective cuts in imports will affect sugar, aluminium and petroleum products. In the case of steel, it has been decided that pig iron should be imported, instead of saleable steel, so that it can be processed in plants in the country.

But no cuts are intended in imports of cooking oil and cement, both of which continue to be in short supply.

A major saving is expected on crude oil and petroleum products, the output of which is expected to be raised substantially by increasing the yields from the Bombay High off-shore oilfield and on-shore wells in Assam and Gujarat State.

It is hoped that at least Rs 10bn (£598m) will be saved as a result.

One reason for the Commerce Ministry's action is the improved performance of the Indian economy because of vigorous measures to eliminate infrastructural constraints on production such as power shortages and transport bottlenecks. This has led to an improvement in capacity utilisation of nearly all industries.

A major decision that remains to be taken is on the quantity of wheat imports from the U.S. in addition to the 1.5m tonnes purchased last July.

The summer crop of rice has fallen short by an estimated 1m tonnes of the target because of a seven-week drought but imports of this quantity will seriously erode foreign exchange reserves.

India's estimated trade gap in 1980-81 is more than Rs55bn while the current account deficit in the balance of payments in 1981-82 is placed at Rs 33bn.

The Ministry estimates that exports have risen by 13 per cent in the first four months of the year compared with the same period last year. The target is to increase them by 18 per cent.

However, it expects an improvement in the rest of the year despite the deterioration in the world trade situation and the difficulties being faced by developing countries to market their goods in the industrialised countries.

Jackpack in £80m housing deal

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

JACKPACK, the Glasgow modular buildings manufacturer, is to establish a factory in Indonesia and build 10,000 housing units in a deal worth about £80m.

Mr Frank Graves, the managing director, returned to Scotland yesterday with a signed contract covering the formation of a joint-venture company with Indonesian business interests and an order for 10,000 housing units each costing between £6,000 and £10,000. The factory will cost £2.5m to start up.

Jackpack will now search for a UK partner to handle general contracting and to give it extra financial muscle. The company, 90 per cent owned by Jacksons Bourne End, started sales earlier this year.

For the first 10 years of the factory's operations, Jackpack will have 60 per cent of the equity and management control. After that, the Indonesian interests will have the 60 per cent shareholding but Jackpack will manage the factory on a fee basis, Mr Graves said.

Finance for the venture is coming from the shareholders and from a loan sourced in the UK. Mr Graves is seeking cover from the Export Credits Guarantee Department for the loan.

The last financing and legal details will be settled when Mr Graves goes to Indonesia again in four weeks' time following the emergence of a UK partner for Jackpack.

Waldheim: bid for re-election

MR KURT WALDHEIM, who announced his candidacy on September 10 for an unprecedented third term as UN Secretary General, has always identified himself with the aspirations of the Third World.

It is ironic that he will be competing against a Third World candidate, Mr Salim Ahmed Salim, the Tanzanian Foreign Minister.

Since taking office 10 years ago, Mr Waldheim, a former Foreign Minister of Austria, has several times been reminded that his powers are circumscribed—a lesson forcefully impressed on two of his predecessors, Dag Hammerskjoeld of Sweden and Trygve Lie of Norway. They lost the cooperation of the Soviet Union when they took initiatives which displeased Moscow.

A tireless traveller, Mr Waldheim, who is 62, has repeatedly visited such trouble spots as the Middle East and Cyprus. He went to Tehran in January last year in an unsuccessful bid to secure the release of the U.S. hostages held by Iran.

In his acceptance speech after being re-elected five years ago, Mr Waldheim said the physical burden of the Secretary General's job was often crushing and the psychological burden at times overwhelming.

Unlike the leader of a sovereign state, he has no consistent political constituency he can claim as his own, no clear-cut policy on which to base his efforts, and only modest numbers of staff with which to carry out the decision of his organisation.

While cautious on some controversial issues, Mr Waldheim rarely loses an opportunity to criticise Israel and South Africa.

When he was first chosen for the office, Mr Waldheim said: "I have very concrete and very firm ideas about the office of the Secretary General and how I am going to deal with it . . . The UK is an instrument of peace and it has to be used."

Reuter

Mr Waldheim (left): competing against Mr Salim (right), a diplomatic prodigy from the Third World

Security Council to name Secretary General

Secret election for UN post

BY MICHAEL LITTLEJOHNS, OF REUTER, IN NEW YORK

IN SUCH extraordinary secrecy that the event has not even been announced, the United Nations Security Council is due to meet today to nominate the next Secretary General.

Mr Kurt Waldheim, a 62-year-old Austrian diplomat who has had the job since 1971, seeks an unprecedented third term. He is opposed by Mr Salim Ahmed Salim, Foreign Minister of Tanzania. Mr Salim, who is still not 40, has been a veritable boy wonder of international diplomacy—ambassador at the age of 22, chief UN delegate at 28 and President of the General Assembly at 37.

He has the official backing of the non-aligned states, which make up two thirds of the general membership. But choosing the Secretary General is essentially a task for the five permanent members of the 15-nation Security Council.

The odds are thought to favour Mr Waldheim, who was the Soviet Union's candidate when he was first elected and in 1976, when he was appointed for a second five-year term. The U.S. has not said for whom it will vote, but many diplomats believe it will be for Mr Waldheim, while China is known to back Mr Salim.

Peking's representatives, then new to the UN, vetoed Mr Waldheim in several rounds of balloting on his first try. With the U.S. and Britain, they favoured Mr Max Jakobson of Finland, who was vetoed with great determination by the Soviet Union. To end the deadlock, the powers that blocked Mr Waldheim later withdrew their vetoes and permitted him to be nominated.

When Mr Waldheim was up for re-election five years ago, China vetoed again, but withdrew its objection. According to an unconfirmed report attributed to both sides of the contest, the Chinese recently told Mr Waldheim that, as a matter of principle, they would oppose his re-election, because it was time a Third World diplomat became Secretary-General.

African diplomats said they believed China would persist with its veto this time, and that there would be a deadlock if the U.S. vetoed Mr Salim. But several western delegates said they expected China to offer only token opposition, as it did in 1976, and eventually allow Mr Waldheim's re-election—if that were the will of the U.S., the Soviet Union, France and Britain.

If, as is generally supposed, the great powers want the Secretary General to be a rather dull, cautious diplomat, unwilling to undertake daring political innovations and always careful not to offend any of them, Mr Waldheim has served them well.

Mr Salim has lately been trying hard to cast himself in a similar mould. During 10 years as Tanzania's chief delegate at the UN, he acquired the reputation of a radical militant. He says now that this was undeserved and that, in any case, he was then representing Africa's interests, while the Secretary General must have in mind the interests of all the members and work to retain the confidence of all.

The Security Council customarily meets in private to recommend a nominee for Secretary General. But this year's exercise is more than usually secret. Diplomats said this was at the insistence of Sr Jaime de Pinies of Spain, the Security Council's president. The UN's official spokesman has not yet announced the meeting, but sources in each candidate's camp said it would be today.

Salim: African support

MR SALIM AHMED SALIM, Tanzania's Foreign Minister, who says he expects to become Secretary General of the UN on January 1, is a diplomatic prodigy.

He has come a long way from the sleepy island of Pemba in the Indian Ocean, where he was the eldest of a poor clerk's 18 children. The Organisation of African Unity, at its summit meeting in Nairobi in June, endorsed him as candidate for the office Mr Kurt Waldheim of Austria has held since 1972. Mr Salim, who became Foreign Minister in March, is the first candidate put up for the $158,000 (£86,000)-a-year UN post by a regional group.

He is a familiar figure at the UN, where he served for 10 years as Tanzania's chief delegate, became president of the General Assembly in 1979.

A former student activist and journalist, Mr Salim's first diplomatic post was in Cuba at the age of 19. He became Zanzibar's ambassador to Egypt when he was 22.

In 1965, he became Tanzanian high commissioner (ambassador) to India, and four years later was made ambassador to both Peking and North Korea.

In 1971, Mr Salim was the African states' floor manager against a U.S. attempt to keep China out of the UN

When the General Assembly recognised Peking, some of its supporters danced in the aisles. Mr Salim denied that he joined in the dance, but many Americans were convinced he did.

The U.S. has no reason to be pleased with Mr Salim's role as chairman of the decolonisation committee. Under his chairmanship it approved a bid by Cuba to make the status of Puerto Rico a colonial issue.

Mr Salim has criticised the way the UN secretariat developed under Mr. Waldheim. "The spirit of internationalism has been seriously eroded," he says.

Reuter

Belgian companies invest in Thai zinc smelter

BY DAVID BUTLER IN BANGKOK

AGREEMENT has finally been reached on a $130m (£72m) Thai-Belgian zinc smelting project, after years of negotiations.

Mr Sommai Hoontrakul, the Thai Finance Minister yesterday signed four separate agreements formally opening the way for construction of an electrolytic smelter in Northern Tak Province.

Also at the signing ceremony were the chairman of Pha Daeng, the Government-sponsored company created to exploit the zinc, representatives of the two Belgian companies involved — Mechim SA and Vielle Montagne—and representatives of the Industrial Finance Corporation of Thailand, the Sino-Thai Engineering and Construction Company, and the 16 Thai banks helping to finance the project.

The shareholders' agreement allows Pha Daeng's registered capital to rise from Baht 20m to Baht 800m (£19m) with the Belgians' holding 30 per cent of the shares.

The project was initiated 10 years ago as a Thai-U.S. venture called Thai Zinc. But New Jersey Zinc, the U.S. participant, ultimately decided to withdraw.

Foreign interest passed to the Korean company of Whashin in late 1978, but Whashin was forced to bow out two years later. As a result, the Thai Cabinet instructed the Finance Ministry to dissolve Thai Zinc and set up Pha Daeng.

Construction of the plant is expected to get underway in the next few weeks.

Mitsubishi in £87m Spanish rail contract

MITSUBISHI Electric Corporation and four Spanish companies have won a joint Y37bn (£87m) order from Spain's national railway system for 110 electric locomotives and 30 electric carriages, Mitsubishi said in Tokyo, Reuter reports.

The Spanish companies in the consortium are Construcciones y Auxiliar de Ferrocarrilles SA, Material y Construcciones SA (Macosa), Westinghouse SA and General Electrica Espanola SA.

Ericsson Iraq order

L. N. ERICSSON, the Swedish telecommunication group, has won a $135m (£75m) contract for what it claims is the largest extension Iraq's telephone network has ever undertaken, Westerly Christner reports from Stockholm. The order includes $54m in cable and network material. It is the first order to be landed by Ericsson in Iraq since the 1960s.

Creusot's Angola deal

Creusot Loire's subsidiary Creusot Loire Enterprises said it had signed a FFr 162m (£16m) contract with Empresa Texteis de Angola to complete a partly built textile plant in Luanda, Reuter reports from Paris. Construction of the plant was stopped in 1975 when Angola became independent. Completion is expected to take 30 months.

HK container port plan

BY KEVIN RAFFERTY IN HONG KONG

THE Hong Kong Government has made proposals for creating new land and new berths at the colony's congested Kwai Chung container port, Mr Derek Lygo, managing director of one of the terminal operators, said last night.

The plans were made at a meeting between the Government and the terminal operators, who have complained that the container port is becoming inefficient because of shortage of space.

Chile to raise import tariffs

BY MARY HELEN SPOONER IN SANTIAGO

CHILE will apply higher import tariffs on those foreign goods whose producers receive subsidies or other export incentives, the Finance Ministry has announced.

The Central Bank has been charged with the tasks of drawing up the new tariff schedule and of investigating cases of Chilean complaints of "unfair" competition from subsidised imported goods.

The country's present regulations consist of a uniform 10 per cent tariff on most imports, except cars, established in June, 1979. While certain Chilean industries, especially those dependent on imported capital goods, have benefited from the low duties, many manufacturers and agricultural producers have been hard hit by the resulting avalanche of imported goods on the domestic market.

No further details of the planned tariff changes are available, but a Central Bank official indicated that the new import schedule of tariffs would be drawn up as soon as possible.

Chile's import bill has increased by 32 per cent during the first eight months of this year, compared with the same period in 1980. Export earnings have declined by 14 per cent due, in part, to low international prices for copper, the country's chief export. Import registration figures from the Central Bank for the January-August period were $4.7bn (£2.6bn).

Exports were listed at $2.7bn. The country's trade deficit for this year has been conservatively estimated at $2.5bn—more than double last year's deficit.

Alain Cass and **Colina MacDougall** report on the choices open to China in its foreign borrowing programme

Grain needs add urgency to Peking's selection of a loans policy

CHINA faces hard economic choices about how much it can safely borrow abroad to improve an ageing and inefficient industrial base.

Top officials in Peking are now likely to be reviewing the borrowing options open to them as China's sixth Five Year Plan is being drafted. Under the present restrictive guidelines, which stem from the realisation in 1979 that over-ambitious planning had left China dangerously over-extended, there are very few.

The need to make the choice quickly is given added urgency by the fact that China may need to import even more grain next year, despite a record harvest in 1981, to make up the shortfall caused by the worst droughts and floods to hit the country since 1949.

In the medium term, the balance of payments problem may become even more acute. As the World Bank points out in its first report on China, the country is likely to become a net oil importer by the end of the decade. Some observers think this may happen even sooner.

The Chinese have three basic options open:

● **The IMF and World Bank:** China has drawn a quarter of its 1.8bn Special Drawing Rights quota from the Fund, but is unable to reach agreement over the second and third tranches. Reports that China is seeking a further $6bn (£3.3bn) balance of payments loan have been denied both in Washington and Peking.

But officials at the Bank of China, which handles all foreign exchange transactions, concede that "we would like to borrow more than we have done." The officials merely say that there is a "problem over the terms and conditions."

Mr Shang Min, Vice-Chairman of the People's Bank of China, the country's central bank, says that "not a word" was mentioned about further Chinese borrowings when he was in Washington for the IMF/World Bank meeting earlier this month.

This may be true, if only because the Chinese would not wish to put themselves in a position where they asked for more funds and were refused.

China has already borrowed $200m from the World Bank and officials say it is looking for more. It is unlikely to get it, however, because of the World Bank's own difficulties.

Foreign investment of nearly $700m (£384m) has been attracted to China over the past two years, according to Guangming Daily, an official newspaper, Reuter reports.

A total of 28 joint ventures with foreign shareholdings had been set up by the end of June. By the end of last year, there were some 330 co-operative enterprises. The industries attracting investment were textiles, foodstuffs, electrical consumer goods and tourism.

● **Government-backed credits.** These would, in most cases, be tied to exports from the lending country. This reduces considerably China's flexibility in shopping around for the equipment best suited to its needs. The amount on offer to date is around $12bn—only a fraction of which has been taken up.

● **Commercial credits:** Most Chinese officials still baulk at the idea of paying the going rate for commercial funds, even though some of them are slowly beginning to appreciate that if a project is sufficiently profitable high rates of interest can be justified.

Some officials speak cautiously of medium-term syndicated loans, though there is no immediate sign that this is likely to become official policy.

The World Bank report says that China has been offered more than $12bn in short and medium-term commercial bank credits, virtually none of which has been taken up.

Plans to make a major Yen bond issue in Japan have been dropped and are only likely to be revived when relations with Japan recover.

The World Bank estimates that China's annual borrowing requirements abroad will increase from $1.2bn in 1980 to anything from a low of $2.7bn and a high of $6.8bn in 1990, depending on how fast the economy and, in particular, the trade sector grows.

Total foreign debts outstanding at the end of 1980 amounted to $3.4bn, or less than 20 per cent of China's foreign exchange earnings. Of this, $200m-$300m is in official loans and the rest is in supplier credits, deferred import payments and commercial bank loans.

increased to £1135bn.

According to the World Bank, the level of debt outstanding in 1990, even if loans reach $6.8bn, will be less than 6 per cent of the bank's projections for the total debt of all developing countries at the end of the decade.

The Chinese adamantly refuse to discuss their own perception of their loan requirements over the next five years.

Statistics remain notoriously unreliable and disagreements within the leadership over China's economic priorities over the next few years make it very difficult for them to come up with an accurate assessment of their borrowing needs.

Borrowing needs, however, will be largely determined by China's ability to earn foreign exchange. China's earnings from energy—$5bn in 1980 or 25 per cent of the total—are likely to decline with the expected fall in oil output.

Invisible earnings, chiefly tourism and remittances from overseas Chinese, will help. The best hope lies in the rapid growth of manufactured exports but these are likely to be hampered by a combination of poor quality and high tariffs.

Chinese officials say they have not yet worked out their detailed borrowing needs and this is probably true. China's sixth Five Year Plan is still on the drawing board and the strong impression one gets in Peking is of an economy that will be fed from hand to mouth for the next few years.

The Chinese also have to overcome their deep-rooted fear of pawning their future to foreign money-lenders. The Polish experience has undoubtedly added to their misgivings about borrowing heavily.

But these doubts will have to give way to a realistic appraisal of the long-term benefits of judicious borrowing if China is to get its economy going again.

Wool textile industry and Government 'must co-operate'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE GOVERNMENT must get together with all sides of the wool textile industry to agree a programme to restore confidence in the future if the industry's decline is to be halted. This is the main conclusion of a report published today by the Wool Textile Economic Development Committee.

The committee says measures such as lower interest rates, a stable rate of sterling and a tougher Multi Fibre Arrangement are seen by the industry as piecemeal adjustments lacking any underlying philosophy. It is concerned that policies pursued by the Government have been inimacable to the industry's needs. In particular, many consider present economic policies operate against the wool-textile companies' best interests.

What is needed, it says, is a charter to give the industry confidence to plan for the future. That charter must be based on mutual undtertakings by the various sections of the industry as well as the Government.

Priority should be given to an emphasis on marketing and productivity. The committee says the potential for sales of British cloth in West Germany, the largest single overseas market, is only half-fulfilled. Big gains could be made by more concentration on West Germany.

The general marketing strategy should place great emphasis on the need to secure a stronger position overseas as well as improve its share of a declining home market. Some advances have been made in advertising, brand-marking and promotion especially, but other aspects of marketing required improvement. It was unfortunately still true of too many companies that they were geared towards production rather than marketing.

Mills should seek to replace some of their lost outlets, the committee says, by making better use of market-intelligence studies and consumer research. It recommends the industry support a market-intelligence centre to provide such information.

Mills should seek new products, new treatments and new technology, to enable them to serve potential customers outside their traditional trading areas. The committee suggests as examples protective clothing, industrial fabrics, furnishing fabrics and flame- and crease-resistant cloth.

Finally, the committee says mills should examine their techniques of sales presentation where, it says, the Italians have a strong lead. Too often British salesmen "leave it to the customer to visualise the end product."

Pre-summit Dublin visit by Prior likely

Financial Times Reporter

MR JAMES PRIOR, the Northern Ireland Secretary, is expected to visit Dublin, possibly today, for talks with Dr Garret FitzGerald, Prime Minister of the Irish Republic, and senior ministers. The visit is seen as a preliminary to a London meeting between Dr FitzGerald and Mrs Margaret Thatcher, which may take place as early as next week.

In Dublin there are high hopes the London summit will advance the Anglo-Irish process begun by Mr. Charles Haughey and that it could lead to establishment of institutions to improve Anglo-Irish cross-border co-operation on a wide range of subjects.

Mr Prior and Dublin ministers are expected to look at a scheme that could see Ulster's surplus electricity power transferred to the South, and natural gas from the republic's Kinsale offshore field sent to the North.

Electricity flowed freely between the North and South till persistent IRA sabotage attacks put the connection out of action more than 10 years ago. Sabotage is a major problem to be overcome if the exchange is restored.

On the agenda also will be co-operation on economic matters, tourism and transport.

Video cassette market nears £200m mark

BY JAMES McDONALD

THE GROWTH of rental and ownership of video cassette recorders in the UK this year has exceeded even the optimistic estimates of the manufacturers — predominantly Japaneses — and the British distributors.

Mroe than 800,000 sets are expected to be rented or sold this year. This would take the total in use to about 1.3m sets—16 0per cent more than at the end of last year.

The market for domestic video recorders in Britain is expected to be worth nearly £200m this year at manufacturers' prices. Distributors—many of them High Street rental and electrical store subsidiaries of major British electronic companies — expect rentals and sales next year of recorders to exceed 1m sets.

November and December are expected to be peak selling months for video recorders. Distributors say that even if the 1.3m figure is reached by the end of this year it will represent only about 6.5 per cent of the potential British TV household market

At the start of this year it was expected that rental and sales of video recorders would be between 500,000 and 600,000 sets. But the lowering of rentals in February and the announcement of the Royal Wedding date—July 29—created an extra boom in demand

In anticipation, Thorn Electrical Industries—which owns Radio Rentals DER and Multi-broadcast rental shops, and the Rumbelows electrical chain of stores—sent a sales director to Japan to arrange extra deliveries of recorders, some by "jumbo" jet freighters, during April, May and June.

Demand after the Royal Wedding dropped. But British distributors have found that about 25 per cent of the year's rental and sale business occurs in the periods just before and after Christmas.

About 70 per cent of domestic video recorders in the UK are rented. The remainder are bought.

In West Germany, the other major video recorder growth market in Europe, the rental share is 10 per cent.

The world video recorder market has been dominated so far by Japan with two recording systems—VHS and Betamax. JVC and Sony respectively, are the major manufacturers.

There is no British video recorder manufacturer. The Dutch Philips group, together with Grundig of West Germany, is mounting a major threat to Japanese dominance with its V2000 cassette system. Its major attraction is an 8-hour, "flip-over" cassette.

This is the third system that Philips has introduced in nine years. It is incompatible with the Japanese VHS and Betamax systems, which are also incompatible with each other. However, the Japanese systems account for about 90 per cent of the world's production of video cassette recorders.

Philips opened its new video cassette recorder plant in Vienna, Austria, this month. Costing about £75m, it is the largest single investment in video manufacturing in Europe.

Philips, together with Grundig, hope to capture a 15 per cent share of the UK video market by the end of this year, and a 20 per cent share of the potential 1m sets British market next year.

With so much of the British market dominated by rental and electrical store subsidiaries of Thorn Electrical and Rediffusion, the Philips V2000 system needs sales outlets.

Thorn is committed, it would seem, to the JVC system (VHS). But its Rumbelow electrical stores chain is accepting the Philips system.

Meanwhile, Grundig—Philips partner in the V2000 system—is seeking a British partner for the manufacture of the recorders in the UK. It is negotiating with three companies about the possible investment in a UK factory which could be operating in less than two years. Two of the British companies involved own High Street rental outlets.

Japanese boost capital spending to match demand

BY RICHARD C. HANSON IN TOKYO

JAPANESE video tape recorder makers expect the fast pace of growth worldwide to continue. The biggest headache—and one gladly suffered—is keeping up with demand.

The companies involved have stepped up spending to expand production capacity. Industry-wide figures on spending are not available, and most producers decline to break down overall spending into the VTR category.

But Victor Company of Japan (JVC), the developer of the most popular VHS system, may be typical. With 60 per cent of its sales now dependent on VTR-related products, the company boosted its VTR-related capital spending from Y12bn (£51.68m) in 1980 to Y20bn this year.

Matsushita Electric Industrial, which owns 50 per cent of JVC and is the largest single producer of home sets, plans to spend Y20bn this year, a pace which appears to be about double last year.

Production has doubled each year since 1976. This year, original estimates of total production in Japan were raised from 6.5m sets to 8.4m, versus 4.441m sets in 1980.

The value of production is estimated to have risen from Y562.8bn in 1980 to Y1,010bn this year.

The pace of export growth has been much faster than growth in the home market. This year exports are believed to have again nearly doubled to 6.5m units from 3.444m

Domestic sales are expected to rise to 1.5m from 920,000 sets in 1980.

Next year the industry appears to be gearing up for another doubling of production.

Currently, Matsushita produces about 250,000 sets per month, JVC 150,000, Sony (leader of the Betamax group) about 150,000; Hitachi (VHS) 100,000; Sanyo (Beta) 80,000; Sharp (VHS) 60,000; Toshiba (Beta) 50,000; and Mitsubishi Electric (VHS) 40,000 per month.

More assertive lobbying of EEC urged by CBI

BY LISA WOOD

THE Confederation of British Industry yesterday urged UK businessmen to be more forceful in lobbying EEC decision-makers.

The recommendation comes in a report which spells out the mechanics of lobbying in Brussels and how British businessmen can be more effective in getting their views across.

Sir Raymond Pennock, the CBI president, says in the report's preface that Western Europe accounts for 60 per cent of Britain's exports. "It follows that we cannot escape the need to understand and to influence the EEC legislation which regulates our trade with the other member states.

"Businessmen cannot afford to leave it to chance or to other people to shape so much of their commercial environment."

The report, drawn up by a working party led by Mr John Drew, corporate affairs director of Rank Xerox, said lobbying is overwhelmingly reactive.

"We believe that many parts of British business need radically to change their approach to Community lobbying," the working party says.

"They ought not simply to be defending their interests through the Community system but ought to be seeking positively to promote them, by suggesting new EEC policies and legislation which would benefit them, not merely reacting to what others put on the table."

Practical measures suggested by the CBI include the appointment of a "Mr Europe" in companies with a substantial EEC element in operations. This individual would work on his own, or through a trade association, to monitor developments of interest to his company.

The report warns that companies lobbying the EEC should show patience as the process can be lengthy. They should also speak more freely about their own requirements and activities, as some British companies were still too cagey to make their case convincing.

**Getting the business view across in the European Community: CBI Publication Sales, Centre Point, 103, New Oxford Street, London WC1A. Price £3.50.*

Visitors 'key source' of growth in Newcastle

BY NICK GARNETT, NORTHERN CORRESPONDENT

A REPORT on Newcastle-upon-Tyne isolates tourism as a potential means for pumping money into the local economy and regenerating part of the inner city.

The report, produced this month by the city council's economic intelligence unit, is to be followed by proposals on how to tap tourism. This could represent a further stage in the acrimonious battle for conference and tourist trade among cities in the country's northern counties.

Newcastle, has 10,000 people employed in tourism and leisure and estimates that for every 1,000 average holiday parties an extra £150,000 in revenue would be brought into the area.

The report identifies four targets for growth. One is the impact of conferences and the intelligence unit points out that two cities of comparable size to Newcastle—Sheffield and Cardiff—had conference business in 1978 valued at £6.5m and £6.2m. By comparison it was worth less than £2m in the Tyneside city last year.

Newcastle has a conference budget this year of only £2,250. The intelligence unit says this compares unfavourably with Sheffield and Glasgow, and with Bradford which is involved in a £100,000 tourist drive.

The city's ability to persuade Scandinavian travellers using the ferry service for Norway, Sweden and Denmark to spend longer in the city is identified as a second potential growth area. The report stresses the need for Newcastle to tap the growth of second holidays and to cater more for the needs of foreign visitors.

The city has already developed Blackfriars, and is planning the redevelopment of the Quayside, which has received financial support from the inter-city partnership, as tourist attractions.

Sex bias challenge over Legal & General policy

BY ERIC SHORT

A LEADING UK insurance company, Legal and General Assurance Society, is being accused by the Equal Opportunities Commission of practising sex discrimination under one of its insurance policies. The company is to appear before an industrial tribunal.

The case is being brought by Mrs June Lorraine Almeida against her former employer, Stuart Cabeldu, a London firm of management consultants, in respect of a group sickness policy issued by Legal and General.

Under this contract, membership is voluntary and men and women contribute the same. But benefits exclude "ailments peculiar to the female sex." Mrs Almeida claims this infringes the Sex Discrimination Act of 1975.

The Equal Opportunities Commission is providing financial assistance to allow Mrs Almeida to be represented and is providing an expert witness. The case is due to be heard on November 2

The commission for several years has condemned the insurance industry, especially life companies, for discriminating against women over sickness insurance, either by charging higher premiums or restricting benefits.

It claims that the industry has no firm statistics on which to base this differential treatment and thus does not meet the requirements of section 49 of the Act, which under certain conditions allows insurance companies to differentiate between men and women in the terms of their contracts.

The insurance industry in general still includes pregnancy and childbirth from group sickness policies, but has dropped reference to other exclusively-female medical conditions.

Office pay 'lagging behind inflation'

By Gareth Griffiths

OFFICE STAFF earnings are failing to keep pace with the inflation rate, with a continued squeeze on real income likely until next spring, although office wage settlements are still ahead of those in manufacturing.

This is the main conclusion of the Alfred Marks Bureau national survey of secretarial and clerical salaries, published yesterday.

Average office earnings in the UK increased by about 11 to 12 per cent during the year to July 1981 ahead of the 10.9 per cent rise in the retail price index but behind the Government's tax and prices index, which stood at 14.3 per cent.

London office staff did somewhat better than the rest of the country, with pay increases of 13.3 per cent.

The recession has meant a sharp drop in staff turnover, with the average length of employment now at 22 months. The survey suggests that in central London, the number of job vacancies by August was down 60 per cent on the same period last year.

But London secretarial wages are still the highest in the country, at an average £5,775. Reading is the second highest paid area, averaging £4,475.

Mr Bernard Marks, the chairman of the Alfred Marks Bureau, said office staff would be more likely to stay in their present jobs because of reduced opportunities. Not unexpectedly, youngsters entering the job market have been most affected.

Employers want to recruit experienced staff and a quarter of the companies covered by the survey had reduced the number of clerks employed and 16 per cent had cut clerical staff.

Employers rate most highly traditional attributes, such as reliability and discretion and such skills as good grammar and accurate typing in secretaries. This was the conclusion of a special supplement on the ideal secretary.

The survey examined employers' opinions on what they considered the perfect secretary to be in the UK, U.S., Belgium, Denmark, France, Germany, Holland and Switzerland.

Survey of Secretarial and Clerical Salaries, Statistical Services Division, Alfred Marks Bureau, Adia House, 84-86, Regent Street, London W1. £20.

Survey of Lloyd's condemned

BY JOHN MOORE

THE HEAD of a Lloyd's underwriting agency company has publicly condemned a survey of the relative performance of underwriting syndicates in the Lloyd's insurance market.

Underwriting syndicates are the units into which all Lloyd's 20,000 members are grouped to accept insurance business.

The survey of their performance was carried out by the newly-formed Association of Members of Lloyd's, headed by Mr John Rew. It has caused a major row in the Lloyd's community.

The survey revealed wide variations in the performance of a sample of the 400 or so syndicates. Some syndicates showed huge profits, others significant losses.

Mr Robert Hiscox, head of the Roberts and Hiscox underwriting agency, said yesterday most agents, the groups which look after the affairs of Lloyd's members, objected to this list.

He said the agents' objections did appear "on the surface to be a churlish attempt to hide bad performance" and to keep Lloyd's members "on bad syndicates in ignorance."

Mr Hiscox objected to the survey list on a number of counts:

- Prospective members of Lloyd's would demand to be placed on syndicates rated top of the league, when they might be better off "with syndicates who have done badly but who have a bright future;"
- Results shown in the survey gave an inaccurate picture of results actually achieved by a member of Lloyds;
- The list related only to past performances and did not help members to make their choice of syndicates for future performance;
- No underwriting agent had access to all the syndicates on the list, so it would be pointless for a member to pressure his agent for a switch on syndicates in the top 10; and,
- A relative-performance table would encourage members to switch their syndicates more often than was good for the members or the syndicate.

Mr Hiscox said he had no sympathy for members who regularly received poor returns from their syndicates. They should be able to realise this fact without the survey list, "and should be adult enough to change agents if they are being permanently abused."

Underwriters to insure against computer fraud

BY JOHN MOORE

LLOYD'S of London underwriters have designed a controversial insurance contract which will protect financial institutions, such as banks and other commercial concerns, from computer and telex fraud.

Around 30 underwriting syndicates at Lloyd's will insure this type of business, as well as a large number of insurance companies in London.

Each year financial institutions lose millions of pounds as a result of a third-party perpetrating a telex or computer fraud.

Lloyd's entry comes after its unsuccessful involvement in computer leasing insurance, which led to the largest losses the market had ever seen. Lloyd's was criticised for not carrying out adequate checks.

So far about 50 inquiries have been received from banks and institutions in the UK and abroad. The insurance is expected to generate at least $10m in premiums by the end of 1982.

The policy, which does not insure against the dishonesty of employees within the institutions, covers: unauthorised access to a terminal; fraudulent preparation of tapes and computer programmes; or the obtaining of access to a banks' communication lines.

Output of bricks continues to slump

By Andrew Taylor

BRICK PRODUCTION in the third quarter of this year fell for the sixth quarter in succession, as the construction industry recession continues apparently unabated.

Figures published yesterday by the Environment Department show that output was 1 per cent lower than in the previous three months and 17 per cent lower than the third quarter of 1980.

On the same basis, brick sales were 5 per cent lower than the second quarter and 3 per cent lower than a year ago.

The cement industry is also suffering as construction industry workloads have fallen. In the third quarter, cement deliveries were 2 per cent lower than the second quarter and 11 per cent lower than a year ago.

Increased fears on Nationality Bill

ANXIETY about the Nationality Bill has led to an unprecedented number of people asking Citizens' Advice Bureaux in London for information on how to become UK citizens.

In the 12 months to March 1981, inquiries relating to immigration and nationality in Greater London rose 46 per cent on the previous year, according to the Greater London Citizens' Advice Bureau Service yesterday.

A survey conducted over a two-week period in June in 18 London bureaux indicated that a sixth of those with nationality and immigration problems would lose their automatic right to citizenship when the Bill became law.

Joseph pledge on school charges

THE GOVERNMENT is not going to impose charges for State primary and secondary education, Sir Keith Joseph, the Education Secretary, said in Sheffield. Sir Keith, who had earlier been speaking to Assistant Masters and Mistresses Association conference, said that the Government was bound by the 1944 Education Act, which there was no intention of changing.

Plessey to cut 60 jobs in Liverpool

PLESSEY is to cut 60 jobs during the next two months in the engineering department at its Exchange works in Liverpool, which makes defence electronics equipment.

Hosiery factory to be closed

THE HOSIERY manufacturing company of F. Ellis (Hosiery) is to close its Peterborough factory at the end of the year with the loss of 24 jobs. The company blamed increased costs and is shifting production to Leicester.

Jobs switch shunned

ABOUT 25 workers at the Weetabix plant at Burton Latimer, Northamptonshire have opted for voluntary redundancy rather than take a less-skilled job. Another 40 have decided to accept the deployment, the company said yesterday.

Trendtex hearing

IN THE first edition of Saturday October 4, the Financial Times carried a headline on Page Four saying "Trendex plea for court hearing rejected." However, the story referred to the Trendtex Trading Corporation, with whom Trendex has no links whatever. We apologise to Trendex for any inconvenience caused.

Stricter criteria sought for electronics investment aid

BY GUY DE JONQUIERES

THE GOVERNMENT should apply stricter criteria when it gives assistance to investment by foreign companies in electronic components manufacturing in Britain, a report published yesterday by the electronic components sector working party of the National Economic Development Council has urged. Such projects should be consistent with the longer-term interests of the rest of the UK industry, it said.

Mr John Herrin, a member of the working party and managing director of Welwyn Electronics, said the recommendation was intended to apply particularly to the Government's efforts to encourage more industrial links with Japanese companies.

"Inward investment in components manufacture can bring mixed blessings," the report said. "At its best it can increase the range of technologies available and expend manufacturing capabilities in certain specific fields."

But it warned that because such investments involved a high degree of automation, they usually created few jobs. There was also a risk that they would result in a contraction of UK output if foreign companies used their base in the British components market to diversify into equipment manufacture.

The report called on the Government to consider the longer-term implications when assessing applications for inward investment aid, and to co-ordinate public support programmes more closely to ensure a balanced expansion of components production and to safeguard existing manufacturers.

The British electronics components industry must continue to invest in automated production facilities and should aim to redress the imbalance in its external trade by containing imports rather than concentrating on increasing exports.

The authors of the report expressed reservations about the European Commission's proposals for closer EEC collaboration in microelectronics.

The report called for further steps to strengthen relations between electronic component suppliers and equipment manufacturers.

Oxford Street yesterday: scene of Wimpy Bar bomb blast.

Plan for £90m petrol additive plant

BY SUE CAMERON, CHEMICALS CORRESPONDENT

HIGHLAND Hydrocarbons has applied for outline planning permission to build a £90m petrol additive plant at Nigg Bay on the Cromarty Firth.

The plant would use natural gas liquids from the North Sea to make 500,000 tonnes a year of methyl tertiary butyl ether (MTBE). The ether can be used as a substitute for the lead anti-knock compounds put into petrol to boost octane ratings and ensure the smooth running of high-performance engines.

The technology for the proposed plant has been developed by the UK-based Davy design engineering and construction group. Earlier this year Davy claimed that two 500,000 tonnes a year plants could provide enough petrol additive to meet Britain's entire octane needs. The claim followed the Government's decision to reduce the legal limits on lead in petrol because of the dangers of pollution.

Highland Hydrocarbons said last night that it hoped to start reclaiming land for the project next year. Part of Nigg Bay is below the high-water mark. It planned to complete thet plant by 1985.

The company said the raw materials would be shipped by tanker. Its £90m cost estimate included building a terminal.

MTBE is made from butane, a gas liquid, and methanol, a chemical which in turn is made from natural methane gas. The initial plan is that methanol should be shipped into Nigg Bay.

Fujitsu Fanuc and 600 Group expected to sign robot deal

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

FUJITSU FANUC, the Japanese electronics group, said in Tokyo yesterday it expected to sign a formal agreement with the 600 Group in December to provide robot-building technology to the UK group.

It said it would supply technical expertise to the 600 Group for all six robot types it is manufacturing, and that the group would be entitled to produce and sell the robots in the UK for 10 years.

The 600 Group yesterday would confirm only that it was negotiating with Fanuc, with whom it has a marketing agreement to sell Fanuc robots in the UK.

The advance to secure the technology for manufacture will be in line with efforts being made by the Governments of the UK and Japan to secure industrial co-operation between manufacturers in the two countries.

It follows last month's agreement between Dainichi, a small Japanese robot-maker, and the Sykes group, for the manufacture of robots in Britain.

Yesterday Fanuc announced that the subsidiary it is to set up in Luxembourg to make machine-tool numerical controls will be wholly-owned by itself. Siemens, the West German electrical group, will acquire a 25.1 per cent interest in it in 1984, however.

Sales of robots in the UK have been small in relation to other industrially developed countries but many companies think it is only a matter of time before demand increases.

The 600 Group expects to commission a highly-automated manufacturing system next spring, which has been funded by the Industry Department and incorporates six Fanuc robots. This is expected to trigger much interest in such systems among UK manufacturers.

Oceanus faces $4.37m claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CLAIM for $4.37m (£1.95m) was made against Oceanus Mutual Underwriting Association (Bermuda) in the High Court yesterday by CTI International, of New York, one of the world's largest container leasing organisations.

CTI complained Oceanus had refused to pay damage and protection policy claims covering CTI containers.

Oceanus contended the policy was void because of CTI's alleged misrepresentation and non-disclosure of material facts.

Mr Anthony Evans, QC, for CTI, told Mr Justice Lloyd in the Commercial Court that the policy, dated April 4 1977, covered CTI-leased containers between December 1 1976, and February 20 1978.

Oceanus alleged CTI had not disclosed details of its previous insurance, nor details of the nature of CTI's business.

CTI replied Oceanus knew of the previous insurance but did not ask for details.

There was nothing unusual about CTI's business, compared with container leasing generally—in which Oceanus had insurance experience — except, possibly, its size CTI had therefore been entitled to assume that Oceanus had sufficient knowledge, said Mr Evans.

He said there was a substantial issue about the precise date when the contract was concluded and CTI's duty to disclose material information ended. CTI contended the date was October 1, 1976, when cover was initially accepted.

Oceanus had contended for various dates: October 27 1976, when hands had been shaken on the deal; November 29 1976, when Oceanus received CTI's formal application for cover; and January 11/12 1977, when what CTI said amounted only to contract variations were initialled.

The hearing, expected to last two months, continues today.

Stability two steps nearer for steel

Alan Pike assesses relief hopes for special steels and castings

COINCIDENCE of timing yesterday brought further moves in two unconnected efforts to restore viability and reduce capacity in hard-pressed sectors of British steel-related industries.

Action by the EEC Commission holds out the hope of some urgently-needed relief for the declining British special steels industry and this may at least provide breathing space for restructuring to take place in an orderly and considered fashion.

Meanwhile, in the steel castings sector, Lazard Brothers and Co., the merchant bank, announced that companies representing nearly 15 per cent of tonnage have volunteered to close, under a novel plan to reduce capacity.

The EEC moves on special steels follow a meeting attended by representatives of the British Government, the Bank of England, the British Independent Steel Producers' Association and Commission officials in Brussels last week.

While the Commission's concern is with the European industry as a whole, there was a recognition at the meeting of the particular problems facing British special steels. Commission officials expressed their support for the principles of a report on the industry problems produced by Prof Sir Frederick Warner in the summer.

Sir Frederick calls for the capacity of the British special steels industry—defined for this purpose as production of high-speed steels, tool steels and stainless steels—to be halved from 80,000 tonnes a year. He envisages that mergers between existing companies probably would be necessary to achieve this.

Over-riding all the recommendations of the Warner report, however, is the warning that unless action is taken to stabilise the market for British special steels — where prices have been weak for several years and imports are above 50 per cent — little will be gained from rationalisation.

Leading figures in the industry believe that last week's talks with the Commission may mark a real step forward in achieving the stabilisation Sir Frederick identifies as the key to any more permanent progress.

It is expected that in the next few weeks the Commission will announce measures designed to create a firmer price structure and help overcome the fears of British producers that they are frequently unfairly undercut by importers.

It is possible that the Commission's first move will be to bring special steels firmly with scope of Article 60 of the Treaty of Paris, requiring producers to produce and keep of price lists.

Many grades of high speed and tool steels have been exempt from this requirement in the past for technical reasons, but the recent introduction of standard specifications now makes it a more feasible possibility.

In theory, the Commission could go further and impose minimum prices under Article 61—but in reality it is more likely to follow the less-rigid course of publishing guidance prices.

The Commission can also be expected to take measures to ensure that its efforts to stabilise prices apply not only to special steel producers but to stock holders and merchants—a particularly important end of the problem, in a market where small volumes have high value.

If these measures succeed, they could create conditions where at least some special steel producers feel more confidently that there is a future for the industry in Britain. If that is the case, the present unofficial discussions between companies may flower into an industry-wide rationalisation programme.

The steel castings industry is somewhat further down the same road. Like special steels, it suffers from excess capacity which is unlikely ever to be needed again. In July Lazards suggested an industry-financed programme to reduce this by about 25 per cent from its present 170,000 tonnes.

In a telex to steel castings companies yesterday, Lazards said producers representing nearly 15 per cent of tonnage in the heavy and light alloy sectors had indicated as a starting position their wish to close.

Under the original proposals—assuming that 25 per cent of output closed—it was suggested that surviving companies should pay a 2 per cent levy to provide closers with compensation of about 7 per cent of turnover for five years. If only 15 per cent of capacity were closed down, the same levy could increase compensation to about 11.5 per cent.

Threat to London councils' autonomy

Robin Pauley studies the AMA's analysis of proposed legislation to regulate authorities' budgets

THE GOVERNMENT may have to take over financial control of most of inner London's councils plus the Greater London Council and the Inner London Education Authority in 1983-84.

This is the conclusion drawn by the Association of Metropolitan Authorities which has analysed the likely effects of the forthcoming legislation to curb rate rises and force high-spending councils to hold referendums.

The new legislation is to be given priority in next week's Queen's Speech and hurried through all its Parliamentary stages in time to be on the statute books before next spring's rate fixing decisions by councils.

Under the new measures the Government will tell each council how much it thinks it needs to spend to provide a standard level of services—its Grant Related Expenditure Assessment or GRE. The amount a council can raise in its main rate call will be limited to an amount which, together with all grants, does not exceed a percentage above the GRE, to be fixed by the Government.

If the council wants more it will have to levy a supplementary rate in July. This will also be limited and the Government will impose a differential to make domestic ratepayers pay proportionately more than non-domestic ratepayers.

If this still does not provide enough income to cover the council's budgetary plans a second supplementary rate will be needed in October, but this could not be levied *without the* approval of the local electorate in a referendum.

Originally the referendum was to be held in October but the Government is considering moving it forward to March.

A council losing its referendum would have to cut its expenditure back to a level within the permitted limits or *ask the Government for* permission to borrow enough money *to keep it going for the* rest of the financial year — loans which would have to be repaid later.

The next year's rate could not be fixed without the Government's approval. This could mean that the Government will control a council's expenditure levels and plans and its rating levels for a part of one year and the whole *of another if it* loses its referendum. This *could* leave the locally-elected councillors financillay impotent *for that period.*

The Government has said it *intends to set the expediture* threshholds high in the first year and expects only a small number of councils to need referendums. The AMC concludes that if the threshhold for a referendum had been set this year at 30 per cent above the GRE, 18 councils would have needed a referendum (see table). They include all of the inner London boroughs except *Greenwich, Hammersmith* and Fulham, Kensington and Chelsea, and *Wandsworth*. Both second-tier authorities — the Greater London Council and the Inner London Education Authority—would also have needed to hold referendums.

If the referendum limit had been even higher—40 per cent above the GRE—13 councils would have needed a referendum but Westminster would have been the only inner London authority from the first list to escape.

With a 40 per cent limit, the cuts in this year's budgets needed to escape a referendum would have ranged from 13 per cent to 34.5 per cent, in the inner London councils affected. With a 30 per cent limit the *same councils would* need cuts ranging from 16.8 per cent to 44.2 per cent, *except for* Westminster which would have *needed a 2.4 per cent cut.*

"It is clearly not feasible for cuts of such magnitude to be made in one year and so it appears almost *certain* that *the* Secretary of State will be controlling the budget levels of inner London in 1983-84 if the legislation goes through," an AMA statement says.

This is based on the assumption that the Government's assessment of appropriate spending levels, and their relative position to the actual budgetary plans of councils, will follow roughly the same pattern next year as this. It *also assumes that most councils* needing a referendum will not *gain the electorate's support for* a second supplementary rate.

The legislation also includes a clause giving the Environment Secretary absolute discretion to "pardon" councils.

Outside inner London, the cuts needed to avoid a referendum would have been less severe this year, being mainly under *10* per cent.

The assumptions used by the AMA have eliminated some of the more complicated aspects *of grant distribution, and the* various mechanisms for reduc*ing grant* in penalties to keep the total amounts of grant within cash limits.

THE COST OF AVOIDING A RATES REFERENDUM*

Authority	Expenditure limit required to avoid a referendum £m	Percentage cut needed from budget to avoid referendum %	Cut needed from budget in £m
Manchester	225.9	6.3	15.19
Newcastle	112.3	5.3	6.28
South Yorkshire	111.7	24.8	36.84
Tyne and Wear	112.1	12.0	15.29
Brent	121.3	0.1	0.12
Haringey	101.3	7.6	8.33
Newham	109.1	3.1	3.49
Waltham Forest	94.5	5.1	5.08
Camden	65.7	35.8	36.64
Hackney	54.8	16.8	11.06
Islington	55.2	20.4	14.15
Lambeth	77.2	21.9	21.65
Lewisham	53.2	28.3	21.00
Southwark	67.0	22.8	19.79
Tower Hamlets	37.9	44.2	30.02
Westminster	66.3	2.4	1.63
GLC	505.8	11.7	67.02
ILEA	585.8	8.5	54.42

*This is an analysis of what would have happened if the referendum legislation had been *in force in 1981-82 and assumes the expenditure* limit needed to avoid a referendum was set at 30 per cent above the Government's assessment of how much a council needed to spend to provide a standard level of services.

Wallace Arnold quits British Coachways

Financial Times Reporter

WALLACE ARNOLD TOURS, one of Britain's best-known independent coach tour operators, has withdrawn from the British Coachways *motorway express coach consortium.*

The company was a *founder* member of British Coachways a year ago when coach licensing was deregulated, but it now plans to go up-market with its express coaches between Yorkshire and London, and London and the West Country.

The company *described* the move as a breakaway action. *It comes after the earlier* withdrawal from British Coachways of other founder-members Grey-Green, York Bros and Warner Fairfax. The development leaves six coach operators in Britain under the British Coachways flag.

The new services from November 1 will operate under *the title Wallace* Arnold Pullman. Those to and from Yorkshire will be non-stop, with toilets and self-*service vending machines* aboard the vehicles.

Administration of the British Coachways network has been passed *from* Wallace Arnold to Ellerman Bee-line Roadways.

Full study urged on new Severn bridge

BY ROBIN REEVES

COUNTY COUNCILS in South Wales have condemned a Government report which suggests there is no immediate case for a second road crossing of the River Severn.

They want the *Government* to commission immediately a full economic and technical appraisal of the case for a second bridge, including an assessment of the impact of traffic delays on the South Wales economy.

The *Government's* Severn Crossing Working Party Report, published earlier this year, tentatively estimated the cost of a new bridge as £80m at 1980 prices, spread over seven years. But it concluded that the growth in traffic on the existing Severn bridge was not yet enough to justify a feasibility study for a second crossing.

The councils argue in a state*ment that* the assumptions made in that report militate unfairly against the economic case for a new crossing. They are particularly annoyed at its use of average daily traffic flows.

"These tend to mask flow peaks, and consequently delays, which will occur from the early 1990s onwards, especially during the summer period," the councils say.

"The working party says it found *no evidence of suppressed* demand due either to toll *charges or congestion* at busy periods and when road works have been carried out. Charitably, it can only be concluded that they did not search very hard.

"In 1977, the bridge carriageways *were* reduced *to* single-lane working for virtually the whole year due to rocker bearing replacement, and traffic fell by 1.3 per cent while nationally traffic grew by 3.9 per cent.

"The following year, 1978, with the restrictions removed, traffic grew on the bridge by *7.4 per cent while the national* figure was 3.7 per cent. It would be difficult to find a clearer example of suppressed demand due to delays and lack of capacity."

The councils also think that, on past experience, the working party has underestimated the *disruption likely* to be *caused* by maintenance work on the *existing bridge.* "Metal fatigue may well become a significant problem as time goes on."

The councils are also severely critical of the working party's failure to acknowledge the importance of the Severn crossing to the Welsh tourist industry and to note that a new bridge would qualify for an EEC regional development fund *grant of up to 40 per cent.*

"There is an implicit impres*sion given throughout the report* that delays and congestion that *already occur, and which* will increase over the years, do not really count since they 'only' initially affect tourist and leisure traffic," the councils add.

Model of tyre factory sets out on journey to Kiev

FINANCIAL TIMES REPORTER

THE plastic model of a new *factory* is due to leave a packing warehouse in Newton-Heath, Manchester, next weekend heading for the M62 trans-Pennine motorway. It is no ordinary model.

First it needs a 40-feet truck to carry it. Second, its eventual destination is a piece of muddy land 20 miles outside Kiev in the Soviet Union.

The model is of a rubber compounding plant which the Stockport company of Simon-Carves—part of the Simon Engineering group—is about to build at Belaya Tserkov just outside the Ukranian capital. The plant is one of two commissioned by Techmashimport, the Soviet buying agency in the £79m deal agreed with Simon Carves three years ago. One plant, at Voronezh, *600* miles east of Moscow, is already under *construction*.

But with the building of the second plant, *Simon-Carves is* sending out a model as a build*ing guide* and training unit *to* help the Russian construction workers and plant operators. The unit will be the first stage of an integrated factory which is scheduled to make 3m tyres a year, largely for the Soviets' Kamaz truck.

The model was made by Meda Biddle, a specialist in *Greater Manchester. It is to* 1/50th scale and covers a total *350 sq ft and is a modular* structure built on tables the size of office desks which can be separated and have detachable legs. It was built alongside the drawing work on the plant as a design tool for the Stockport company and will eventually be housed in its own room at Belaya Tserkov as a display piece—and symbol of the best in British factory and model building.

Before then, however, is the tricky problem of getting the model to Hull for shipment. It is being sent in two wooden cases liberally packed with some rubber and with Perspex windows to allow checking for damage—and to give customs officers a reassuring view that the cases do not contain anything other than what the inventory says.

The *packing* has been *done* by the specialist packaging company *Constantine-Lloyd.* At the end of the week the only thing Simon-Carves was waiting for was written confirmation of *transportation*, and liaison with the Russian drivers who will have to haul the model during the last lap of the journey to its new home.

Birmingham exhibition hall opens

AN EXHIBITION centre for Birmingham, designed to attract smaller events of regional importance, was launched yesterday by Worldwide Exhibitions which has invested about £100,000 in the project.

The centre will differ from other exhibition facilities by providing an overall rental package which includes computerised registration, a floor manager, public relations advice, cleaning, maintenance and other services.

Two floors will be available in the building, situated in central Birmingham, with a total floor space of 10,147 sq ft. Research has suggested a demand for "compact, efficient and professional organised venues at economic cost," the company said.

"The packaged approach is designed to give hirers freedom from administration and costs, to devote more time to promoting their events."

Growth of small businesses

SMALL BUSINESSES are being born at the rate of more than 2,500 a week, Mr Patrick Jenkin, Industry Secretary, said yesterday.

"The number of new businesses may well outweigh the number of businesses being wound-up or taken over," he told the National Chamber of Trade Conference in Worthing.

"As we come out of the recession the balance will swing in favour of the growth of new businesses."

In contrast with earlier decades, the Government gave practical help to small businesses.

"We see a thriving small *business sector* as essential in a free society because it is a *safeguard* against the concentration of too much economic power in too few hands."

The collapse of a major employer was a far less serious event in towns where there was a thriving small business sector.

Britain had fewer small companies than neighbouring countries.

Commons backs revised £1.5m BBC cuts

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE BBC was yesterday accused of playing a major role in fomenting the Iranian revolution. Mr Bryan Magee (Lab. Waltham Forest) speaking in the Commons debate on cuts in the BBC external services, controllers called on the BBC to exercise more stringent self-censorship.

He said that during Ayatollah Khomeini's exile in Paris, the BBC's Iranian language broadcasts into Iran had often been the sole means of his getting his message of revolt into Iranian homes.

"There can be no doubt that the BBC external services played a material role in the Iranian revolution," he said. He urged the controllers to give more consideration to the possible political consequences of their broadcasts and to accept the truth was not a complete defence.

They had accepted this in domestic broadcasts, in relation to coverage of the activities of the IRA. It should now be applied to the possible impact of external broadcasts on societies abroad.

The main object of most speakers in the debate was not to attack the BBC but to defend it.

Mr Richard Luce, Under Secretary of State at the Foreign Office, announced that the proposed cuts of £3m in the external services had been halved.

Several Conservative MPs nevertheless opposed the reduced cuts and signalled they would vote against the Government: others, while prepared to support the Government, hinted at their opposition to Government policy in other areas and welcomed the "change of heart" as a possible precedent.

The Opposition motion called on the Government to reconsider the proposals for £3m cuts from the external services.

A Government amendment, moved by the Prime Minister, calling for support for the revised cuts was passed by 278 votes to 224.

Opening the debate, Mr **Denzil Davies**, Labour foreign affairs spokesman, attacked the Government's proposal to drop seven foreign language services and its justification on the grounds that the countries concerned were "friendly."

It was precisely because it did not make these types of distinctions that the BBC had won an international reputation for integrity and objectivity, he said.

He warned of widespread opposition on both sides of the House to the proposed cuts and was cheered from the Tory benches when he suggested that if the Foreign Office's £200m budget had to be cut, there must surely have been more cost-effective, less damaging, savings possible.

At a time when the ideological battle between the super powers was intensifying, the Government's proposals indicated a total failure to appreciate the power of instant news transmission, he said.

Mr Geoffrey Rippon (Con, Hexham) welcomed the Government's "second thoughts on a bad decision" as a small but happy precedent.

Without these concessions, he would have voted against the Government, he said.

He accepted, however, the halving of the proposed cuts as an indication of good faith that the Government would not seek to further undermine the BBC's external services.

Mr Julien Critchley (Con, Aldershot), one of the rebel Tories voting against the Government, said the whole impact of the proposed £102m capital investment programme to improve audibility in the external services over the next decade, had been spoilt by the adverse publicity surrounding these cuts.

Denzil Davies: BBC had won an international reputation for integrity and objectivity . . . much less damaging Foreign Office cuts available

Tory wets retreat from challenge for party leadership

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

A CHALLENGE to Mrs Thatcher's leadership of the Conservative Party this autumn now looks very unlikely.

The left claims to be winning the economic policy argument within the party, and the message has gone out that it would be bad tactics to force a contest.

The situation seems likely to change only if Mrs Thatcher uses her speech in tomorrow's no-confidence debate to reject totally the arguments of the wets.

Mr Geoffrey Rippon, the MP who last week seemed most likely to challenge Mrs Thatcher if anybody did, was yesterday being advised by his friends not to stand.

The view among those responsible for organising the left's campaigns in the past is that it would be a mistake to run anyone as a mere gesture of protest. It is being said that it would be far better to leave things alone this year, maintaining the option of mounting a real challenge next year.

If the Government has not modified its policies by the autumn of 1982, an attempt would be made to persuade someone to stand as a genuine alternative leader. The hope then would be that someone would resign from the Cabinet to stand.

In the circumstances it seems unlikely that Mr Rippon, who was undecided about standing, will let his name go forward for nomination next month. It is still possible that a maverick left-winger may stand, but it seems more likely that the critics of a hard-line economic policy will find other ways of making their views felt.

Sir William Clark, the right-wing chairman of the back bench finance committee, now seems certain to be challenged this autumn, while a letter warning the Prime Minister that Tory MPs would not accept cuts in the real value of benefits, is being circulated among back benchers for signatures.

Mr Rippon, a Cabinet Minister in Mr Heath's government and a persistent critic of Mrs Thatcher, said when the idea of a challenge to Mrs Thatcher was first mooted that he was not prepared to be a "stalking horse" and that he would want to know he had the support of at least 50 MPs before letting his name go forward.

Last week, when MPs met in Westminster for the first time since the party conference, left wingers claimed their soundings showed that unhappiness with the Treasury's demands for major cuts in programmes has become much more widespread.

Rippon: not prepared to be a stalking horse

Some of those who wanted to run a candidate against Mrs Thatcher claimed there could be as many as 80 MPs who would vote against her. Others put the figure much lower, disappointing some of Mr Rippon's most enthusiastic supporters.

Yesterday, however, Conservative left-wingers were claiming that the real reason for not challenging Mrs Thatcher was not that the votes were not there, but that a challenge to her would be counterproductive.

Sir Ian Gilmour, who was sacked by the Prime Minister last month, said at the weekend that he thought it would be a mistake to challenge Mrs Thatcher now because the tide of opinion within the party was running against the right.

As another Tory MP said yesterday: "You don't rock the boat when it's rowing in your direction."

Nevertheless, the situation could change if at the end of the Cabinet's discussions on public spending, it becomes clear that reports that the Treasury is being forced to beat a retreat are unfounded.

Banana-skin placed for PM with loving care

BY AN unfortunate coincidence the Prime Minister's return to the Commons yesterday to make a statement on the Mexican summit came just after Welsh question time.

The list of questions to Mr Nicholas Edwards, the Welsh Secretary, looked innocuous enough but hidden among them was a nasty little banana-skin placed with loving care by Mr Dennis Canavan (Lab, Stirlingshire W.).

The mischievous Scot was demanding a statement about the highly-embarrassing letter which Mr Denis Thatcher had sent to Mr Edwards on behalf of a building group, IDC, about a proposed housing development in Harlech.

Putting on a bold front, Mr Edwards said the Prime Minister's husband was perfectly entitled to draw his attention to delays in the hearing of a planning appeal.

Mr Canavan was not to be fobbed off so easily. If the Minister was saying that the "boss's husband" had not received preferential treatment could he promise that all letters from the public would get the same "prompt, personal and satisfactory attention"?

Huffily Mr Edwards said his Department received hundreds of letters each week addressed to him. He saw every one of them. "Tell us another one," cried the irrepressible Mr Canavan.

With these trivial personal matters disposed of the House turned its attention to the North-South dialogue on aid to developing countries.

This is a subject on which Mrs Thatcher has always been among the sceptics. On this occasion the public relations men seemed to have inserted a few nods in the direction of compassion. The Prime Minister's economic fundamentalism, however, soon reasserted itself.

There were broad hints the Opec countries could fork out more aid from their oil revenues and that private capital to the Third World was preferable to government funds.

There was the predictable fulmination from Mr Michael Foot, the Opposition leader, who said her failure to take a more positive line at Cancun was a repudiation "of the views of the mass of people in this country." Mr David Steel, the Liberal leader, criticised Mrs Thatcher in a similar vein.

It makes one wonder where politicians get their views of public opinion. Perhaps Messrs Foot and Steel would care to walk into a Home Counties public-house or Northern working-men's club and suggest to the merrymakers that they should pay more tax towards overseas aid. The betting is that the pair would be shown the door hastily.

Throughout the exchanges Mr Edward Heath, the former Tory Prime Minister, had listened in monolithic silence. Slowly he creaked into life and rose to ask one of his rare questions of the Prime Minister.

It turned out to be a short speech but the gist of it was clear enough. Mrs Thatcher has failed to give a lead to the rest of the world on overseas aid.

Acidly the Prime Minister told her critics that the countries being asked to give most cash were those with the most liberal economies, that is the U.S. under the present regime of Reaganomics. It seemed to confirm the allegation that Maggie is just a 19th-century Liberal at heart.

John Hunt

Heath criticism of IMF resisted by Thatcher

BY IVOR OWEN

ANY CHANGES needed in the World Bank and the International Monetary Fund to make them more responsive to the needs of developing countries must not be imposed by an outside body, the Prime Minister warned in the Commons yesterday.

Her report on the 22-nation North-South summit in Cancun, Mexico, was condemned by Mr Michael Foot, the Opposition leader, who said the outcome would be seen as a "cruel and mocking anti-climax" by millions of people.

Dissatisfaction with the results obtained in Mexico was also underlined in a series of sharp questions by **Mr Edward Heath**, a member of the Brandt Commission whose report led to the summit.

Mrs Thatcher stressed that the Cancun meeting had never been intended to negotiate or to make precise commitments since the governments represented were not in a position to bind those who did not attend.

But she accepted that although this had been made clear by the organisers of the summit, hopes had been "artificially raised."

Mr Heath tartly reminded the Prime Minister that while it had always been accepted that the Mexico meeting would not be able to commit absentee nations, there had been nothing to prevent the heads of government who were present "committing themselves."

He maintained the intention had been that firm commitments should be made by those attending the summit in order to "provide leadership for the rest of the world" when global negotiations took place on the new international economic order, which the underdeveloped countries wished to see introduced.

Mr Heath also agreed that the insistence that the World Bank and the IMF must be allowed to run their own affairs would carry conviction with the Third World only when those institutions showed themselves prepared to bring about the changes which were "so obviously necessary."

Mrs Thatcher responded that if they were to come under instruction from the UN or any other outside agency the World Bank would "jolly soon" cease to be a bank and the IMF would become ineffective.

She also told **Dame Judith Hart** (Lab Lanark), who supported the demand for reform of the two financial institutons, that the IMF had been dealng a "good deal more sensitively" with underdeveloped countries recently than in the past.

She emphasised that conditions and disciplines stemming from the operations of the IMF helped to encourage the investment of private capital in underdeveloped territories.

Decisions on spending by end of November

By Peter Riddell, Political Editor

THE GOVERNMENT aims to conclude its decisions on public spending by the end of November.

No substantive discussion of the issue is likely at the Cabinet meeting on Thursday. Mr Leon Brittan, the Chief Secretary to the Treasury, will report on his talks with spending Ministers about holding spending as "closely as possible" to the revised target for 1982-83 of £113½bn.

This compares with the present total of bids and revised estimates of £117bn.

Disputes between departments and the Treasury are being adjudicated by an ad hoc Cabinet committee of senior Ministers under Mr William Whitelaw, the Home Secretary.

This has yet to get fully into its stride because the key decisions on controversial issues, such as the cut in the real value of unemployment benefit, are still some way away.

Active soundings are underwas, however, about backbench attitudes to these measures which would require legislation.

Sir Geoffrey Howe, the Chancellor, hopes to make an economic statement towards the end of next month.

Working-class test for the SDP bandwagon

PETER RIDDELL on the GLC by-election prospects for the Alliance in Karl Marx's backyard at St Pancras North

KARL MARX would have known what to make of the challenge of the Social Democrat/Liberal alliance in the Greater London Council by-election in St Pancras North on Thursday.

A long-time resident in Kentish Town—though now a non-voter up the hill in Highgate Cemetery — Marx was always suspicious of the susceptibility of the British working class to the blandishments of "bourgeois" parties like the SDP.

The by-election will provide as revealing a test for the alliance as their victory in Croydon NW last week.

St Pancras North (part of Camden) is the type of seat the alliance has to win if it is to make significant inroads into the big city working-class strongholds of the Labour Party. There are signs that the SDP is making such an impact and without all the hundreds of canvassers and national publicity which turned Croydon into such an artificial "media event."

The by-election has been caused by the resignation from the GLC of Mrs Anne Sofer. She was elected as a Labour member last May, switched to the Social Democrats in September, and is now seeking re-election as the SDP candidate with Liberal support.

Mrs Sofer is opposed by Mrs Mildred Gordon for Labour, Mr Ian Pasley-Tyler for the Conservatives, and Mr John James de Rome West who wants to abolish the GLC.

The constituency — exactly the same as that represented at Westminster by Mr Jock Stallard—has generally returned Labour members at both local and parliamentary elections, with well over 50 per cent of the total votes, and with the Liberals trailing well behind.

Unlike Croydon, with its high proportion of lower middle-class owner occupiers, the heart of St Pancras North is working class, based in council estates in the northern part of Camden Town, in Kentish Town and Gospel Oak.

The percentage of owner-occupiers is low, less than a fifth on one estimate. There is, however, a large contingent of highly articulate and committed people (at least one well-known media face on every street) who are concentrated in the fashionable NW1 area near Primrose Hill, in the "gentrified" parts of Kentish Town and Highgate.

Contrary to popular mythology, these "trendy" areas have not swung en masse to the SDP. The alliance appears to be doing quite well in the middle-class wards, but judging by local comments and the number of posters on display, a sizeable number of middle-class people remain firmly committed to Labour. Some, apparently, have been bitter over Mrs Sofer's move to the SDP.

The striking feature is that the SDP appears to be winning working-class support, particularly in the modern council estates. Canvass returns I saw indicated that the SDP was slightly ahead of all opponents in some estates. But quite a few of its claimed supporters did not vote in the May GLC elections when the turnout was 41 per cent, and presumably might not do so again.

Glenn Copus

Anne Sofer, left, replaced as Labour candidate by Mildred Gordon, right

These returns are not entirely inconsistent with Labour claims that a sizeable proportion of its vote in May is sticking.

The SDP started the campaign with a number of advantages. For a start, the party chose the timing, which coincided with the receipt of supplementary rate demands over the last fortnight.

Moreover, Mrs Sofer appears to be reasonably well known after her 4½ years on the council.

The SDP also seems to have an effective organisation, based on a hard core of experienced and professional ex-Labour activists who make up about a third of the regular canvassers. The number and design of the SDP leaflets has impressed the opposition.

Only about a dozen or so Labour Party members (out of 600 in the local party) have moved over the SDP, which has 350 members in St. Pancras North.

Labour claims to have more or less matched the SDP canvass and it has the advantage, rare now in that party, of a full-time agent. Some welcome razza-matazz has been added by musicians and jugglers in the street markets on cold Saturday mornings.

The issues appear to be running against Labour. Conversations with local residents and shoppers, as well as with politicians, show that voters are concerned about the supplementary rate (rates now cost as much as rent for many council tenants), about the behaviour of Mr Ken Livingstone, leader of the GLC, about the divisions in the Labour Party and about unemployment.

Mrs Sofer has apparently suffered little for having been elected as recently as May on a Labour manifesto of which she is now so critical

Mrs Gordon claims people are beginning to understand about the rate increases and she firmly supports the Livingstone regime at County Hall. There are signs, however, that the voters are less than grateful for the cut in London Transport fares, which they see as a subsidy to the outer suburbs and as of no use to pensioners, who already have concessions.

The election shows how the SDP can at present benefit as an outlet for voters' protests from the problems of the two other parties. Few people to whom I spoke had any idea of SDP policies.

Mrs Sofer has apparently suffered little for having been elected as recently as last May in support of a Labour manifesto about whose implementation she is now so critical.

Mr Pasley-Tyler, for the Tories, bases his hopes on the improbable combination of the Labour vote of nearly 10,000 in May splitting down the middle and his own vote of 5,200 holding up.

He claims to have lost only 10 per cent support since then. But, in practice, the by-election is a two-party fight.

The outcome may be close and will depend on the extent to which the SDP has won traditional Labour working class voters. The SDP has to win if it is to maintain the momentum established at Warrington and Croydon, if it is to demonstrate that a broad range of support, and if it is to establish a strong base to win control of Camden in the borough elections next May.

Equally, a victory for Labour would show that it retains bedrock support in some areas.

The Croydon result boosted the SDP's confidence and, judging by canvass returns over the week-end, it has made the SDP a more plausible alternative even in Karl Marx's backyard.

MAY GLC ELECTION

Mrs Anne Sofer (Lab)	9,935
Mr Ian Pasley-Tyler (Con)	5,202
Mr Denis Strowjas (Lib)	1,506
Mr Cornelius Murphy (Workers' Revolutionary Party)	148

Electorate 41,000
turnout 41.2 per cent.
At the May 1979 general election Mr Jock Stallard (Lab) had 14,556 votes, a majority over the Conservatives of 5,446. The Liberals received 2,650 votes.

'No preferential treatment' for Denis Thatcher

Financial Times Reporter

MR DENIS THATCHER, the Prime Minister's husband, was not given preferential treatment when he wrote to the Welsh Office over a planning delay, MPs were told yesterday.

The letter—written from No 10. Downing Street—caused a storm of protest recently.

Mr Thatcher was acting in his capacity as consultant to IDC, the building group, on a proposed housing development at Harlech.

Mr Nicholas Edwards, the Welsh Secretary, said in the Commons yesterday that Mr Thatcher was perfectly entitled to draw his attention to delays in hearing a planning appeal.

"I receive hundreds of letters every week," he said. He saw all those addressed to him personally.

The planning delay was over an appeal against a refusal to allow a scheme for 68 houses on a site in Snowdonia.

Computer 'leaks' to be probed

THE HOME OFFICE is investigating claims that information from the national police computer system has been disclosed to unauthorised people. This was confirmed today by Mr William Whitelaw, Home Secretary.

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UK NEWS — LABOUR

Call for more worker-director rights

BY JOHN LLOYD, LABOUR CORRESPONDENT

A FUTURE Labour Government will bring in an Industrial Democracy Bill which would provide for the statutory right of workers to sit on company boards and exercise "a permanent and continuing influence over the major activities of the enterprise."

A document agreed yesterday by the TUC-Labour Party Liaison Committee reintroduces some of the themes advanced under the last Labour Government in the Bullock Report on industrial democracy and adds some more radical proposals of its own.

All employees would have the right to a minimum level of information about the company in which they work, and the right to be consulted. There would be a minimum consultation period before the introduction of any major changes in a company's production, technology, organisation or location.

They would also have the right to be represented at board level—through "the appropriate trade union machinery"—and on joint committees at other levels. The presence of workers' representatives at board level, the paper says, is aimed at establishing "joint determination and joint control over corporate strategy."

The system of industrial democracy to be established by this legislation is seen by TUC and Labour Party leaders as linking in with a greatly strengthened central planning function at national level.

Both sides believe that the Bullock-style industrial democracy was rejected by many unions—as well as by all employers—because it was seen as merely a means of putting workers on company boards.

The scope and shape of the planning body has yet to be defined. Some members of the committee—among these Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs—favour a powerful and highly centralised body, possibly taking the form of a new economic planning department which would take over some of the present Treasury functions.

Others prefer to stress decentralised models. Mr Tony Benn argued yesterday for the involvement of local and regional authorities in planning, as well as laying stress on the overriding need to return to full employment in order to buttress trade union power.

However, the key figure emerging in these discussions between the two wings of the movement on what they hope will be the programme of a future government is Mr David Basnett, general secretary of the General and Municipal Workers' Union, and chairman of the TUC's economic committee.

Mr Basnett is now the most consistent champion of the "pincer" approach to bargaining and to planning, in which shop-floor pressure links up with national measures by a Labour Government.

Setback to Scargill rival confirmed

By Christian Tyler, Labour Editor

NOTTINGHAMSHIRE miners' branches have nominated Mr Arthur Scargill for the presidency of the National Union of Mineworkers in preference to their own senior official who is Mr Scargill's main rival.

It was confirmed yesterday that Mr Ray Chadburn, Notts area president, had failed to secure the support of his own constituency. Of the 32 branches, 15 voted for Mr Scargill, the Left-wing Yorkshire president, nine for Mr Chadburn and 8 abstained.

The result is a serious blow for Mr Chadburn, who was persuaded at the last minute to run by supporters who argued he was the best hope of denying Mr Scargill victory.

Failure to secure his own area's nomination does not mean Mr Chadburn drops out of the race. He said he has been promised the nomination of another coalfield and the Notts result would not change his overall appeal to moderate miners.

But if the 35,000 Notts miners—the second largest constituency after Yorkshire—vote in December's secret ballot along the lines taken by their branches Mr Chadburn's chances will be slim indeed.

He said it was his late entry into the race that had cost him the Nottinghamshire nomination. Before he declared, 10 branches had met and voted for Mr Scargill and another two had said they intended to.

Inter-union row in building industry breaks out again

BY OUR LABOUR STAFF

THE LONG-STANDING rivalry between the two largest unions in the construction industry has broken out again into an open row over this summer's pay negotiations for 700,000 workers in the building and civil engineering industries.

Mr George Henderson, Transport and General Workers' Union national secretary for the industry, has written to Mr Les Wood, general secretary of the Union of Construction Allied Trades nad Technicians (Ucatt), expressing grave concern about Ucatt's conduct.

Mr Menderson accuses Ucatt of an unprecedented breach of solidarity when it broke ranks with the other three unions—the TGWU, the General and Municipal Workers and the Furniture, Timber and Allied Trades Union—by indicating to employers at a negotiating meeting on June 3 that it wished to see a 6.3 per cent pay offer on minimum earnings accepted.

As the other three unions prepared for industrial action, the TGWU says: "the Ucatt executive issued instructions through their regional secretaries advising members to walk through any of the three unions' official picket lines."

Ucatt yesterday rejected the TGWU's accusations. Mr Wood added: "Ucatt's negotiators are answerable solely to Ucatt's substantial membership in the construction industry."

A 7.2 per cent increase was eventually won, and Ucatt argued that the difference between the figures was wiped out by a three-week pay freeze, caused by the other unions' refusal to settle in time for the award to be implemented on the June 30 settlement date.

Ucatt officials said yesterday that they feared the TGWU attack, coupled with the issuing of a recruiting broadsheet, would signal a campaign to "poach" Ucatt members.

The National and Local Government Officers Association (Nalgo) yesterday blamed Government policies for causing serious damage to the construction industry and to the public interests.

Mr Bill Seawright, chairman of the union's construction committee, said the industry was in a critical state of decline, the like of which had no then seen since the second world war.

He said radical measures were needed to bring it out of crisis and to secure its long-term future.

Mr Seawright was launching a report by the union called Crisis in Construction, which looks at recent trends and developments and urges the Government to reverse or revise many of its construction policies.

Forecasts of construction output in the report show the future for the industry remains bleak.

Funds appeal for labour paper renewed

UNION LEADERS agreed reluctantly yesterday to launch a further appeal for funds for a pilot study to find out whether the unions should launch a newspaper sympathetic to the labour movement.

The decision of the TUC's finance and general purposes committee has to be endorsed by the general council tomorrow. So far the unions have contributed only £23,000 of the £40,000 target. Some union leaders said the lack of response meant the project was probably doomed.

Tax staff threat on mortgages

BY PHILIP BASSETT, LABOUR STAFF

MORTGAGE-HOLDERS' revised tax codings resulting from the increase in interest rates by building societies could be delayed following a decision of the tax officials' union to ban the overtime work necessary to complete the new codings.

The Inland Revenue estimates that about 5m recodings will be necessary following the increase of 2 per cent in the mortgage rate. To deal with this estimated 800,000 hours of additional work, the Revenue has proposed a combination of about 300,000 hours of overtime and the recruitment of 1,600 casual staff to try to clear the work by the end of November.

However, the Inland Revenue Staff Federation has decided that "in the present political climate it would be wrong to agree to either overtime or casuals." It is telling members in notices which will go to union branches today that they "should certainly not use short-cuts in order to cover the extra burden."

The union says that 10,000 Revenue jobs have disappeared in the past two-and-a-half years, and that exercises now in progress may mean the loss of a further 2,500 posts.

Mr Tony Christopher, IRSF general secretary, says that because of the cuts "it is not unreasonable to say, therefore, that the Government must now face the consequences of its own actions."

However, it is expected that the Revenue will next month proceed with the recruitment of casual staff. It is possible that it may decide to impose the overtime to complete the recodings.

● Edward Elsey, an IRSF member, is to stand trial at Edinburgh Sheriff Court in December under the Conspiracy and Protection of Property Act. He is alleged to have followed two Revenue officers in Cumbernauld and Edinburgh with a view to stopping them posting mail.

The incidents are alleged to have taken place in April during the Civil Servants' dispute.

Strike 'puts Rolls-Royce jobs at risk'

FINANCIAL TIMES REPORTER

AN UNOFFICIAL week-old strike by 1,500 craftsmen at the Rolls-Royce aero-engine factory at Hillington, Glasgow, is putting the jobs of the entire 6,000 workforce at risk, Mr Don McLean, the company's director in Scotland, warned yesterday.

He told the workers in dispute over new timings that the cost of making components at the factory was being pushed so high that the company would be forced to shift work to its factories in England.

"This will mean that the factory will just erode away," said Mr McLean. "We have plenty of spare capacity at our other plants, and we will be looking to put our work to the factories which offer us the best cost levels."

The strike by members of the Amalgamated Union of Engineering Workers is not backed by the union, which earlier this year signed an agreement covering the introduction of the timings.

A letter to the workers from the AUEW executive last week advised them to return to work.

British Gas supplies 'in no danger' from action

BY OUR LABOUR STAFF

BRITISH GAS said yesterday that supplies to domestic and industrial consumers were in no danger, as the National and Local Government Officers' Associatioan stepped up its campaign of strikes in pursuit of improved shift pay.

Nalgo has now called out some 200 workers at control centres, North Sea terminals, and compressor stations which provide gas through the national grid.

They are seeking higher shift rates which management argues would mean increases equivalent to 44 per cent of basic pay.

By the end of last week strikes had been mounted by 126 votes at seven centres, but British Gas said it was too early to tell how many workers had responded to the call to extend the strikes to all 20 or so centres in the headquarter's region.

Workers at refinery reject 8%

By Brian Groom, Labour Staff

SHELL'S OFFER of an 8 per cent increase in basic pay rates to process and other manual workers in its refineries was overwhelmingly rejected yesterday by 650 workers at Shellhaven, Essex.

All 3,400 workers involved at the company's five locations are holding mass meetings on the offer, which the national negotiating committee of the Transport and General Workers' Union has recommended them to reject. Shell describes it as final.

Meetings are also being held on a call for a one-day strike on November 6 in all UK refineries in protest at increasing redundancies. Mr John Miller, the TGWU's oil and chemicals officer, said the strike call was supported almost unanimously by the 2,000 workers at BP's Grangemouth refinery.

Meetings this morning at the North Sea terminals of Sullom Voe (BP) and Flotta (Occidental) are likely to show support for the action, he said.

A bonanza in Cannes

FILM AND VIDEO

BY JOHN CHITTOCK

IN THE last two weeks, 6,500 sunburnt people from over 50 countries have been slinking back to their offices in places as far afield as Iceland and Australia. Between autumnal exposure to the sunshine in Cannes, they have been doing business in hotels, conference halls and exhibition stands at the world's biggest gathering of the video industry.

Lest others responsible for approving their expense accounts misunderstand the sunburn, it should be added that much of this business is also conducted in the open-air restaurants along La Croisette and on the beaches of Cannes. This extraordinary bonanza, known as VIDCOM, is now vying for importance with the Cannes Film Festival itself (held in May), and as the cinema gets overtaken by video, no doubt VIDCOM will become the more important event.

Surprisingly it is now 10 years since the quiet, suave but enterprising M Bernard Chevry held the first of these occasions — well ahead of the video revolution. Now the revolution has arrived, and as a faithful observer since that first event in 1971 I can report that the shift in emphasis has reflected exactly what a healthy media industry should signal: the fascination of the technology is waning, the domination of the hardware is less evident, and the rising tide of the programmers is sweeping all else in its wake.

According to VIDCOM, this year's event had 37 per cent more exhibition space, and although I didn't measure it I have the unshakable impression that all of that increase — and more besides — was taken over by programme makers, distributors and dealers.

A distasteful part of that activity is devoted to "adult" video, which this year was banished to a basement hall in the Palais des Festivals. But the effect of this diabolical move to isolate the smut was to encourage the screening of even more explicit sex.

One speaker at VIDCOM claimed that 65 per cent of all video grams in France are "adult" material, although happily the figure in UK has now dropped to well below 40 per cent. Gradually, pornography will become less significant in this industry, especially as new sources of programming are opened up.

VIDCOM is becoming the place where these new sources are identified and where distributors show their latest programmes. Thus London Weekend Television chose the occasion to announce the formation of its new subsidiary, Weekend Video. And Richard Price Television Associates announced two further children's cassettes in their RPTA Video Play-box series, plus an interesting deal with Methuen Children's Books—which is going to publish a full colour book based on the Play-box series.

Statistics at VIDCOM also abound, if sometimes a little suspect. How many video disc players has RCA sold in the US? Answer: 135,000 since March. Qualification: delivered to dealers, not necessarily sold. And so on.

RCA nonetheless captured some of the limelight in Cannes. Its SelectaVision video disc system has taken some criticism (not least in this column) because a general view in the industry is that it will not be able to compete successfully with the technically more sophisticated systems of JVC (not yet available) and Philips (still only on limited sale in the U.S.). But RCA made a pitch for credibility at Cannes by demonstrating a player which could do some of the things its rivals boast—such as rapid visual search to precise parts of the disc, visual indexing and prolonged display of still pictures.

Nonetheless, this demonstration had a thinly-disguised public relations purpose behind it. RCA made no secret of the special box of circuitry on which the disc player stood: it was a laboratory lash-up, done merely to prove that it could be done. But at what cost, when, if ever, nobody was saying. It was rather an anti-climax.

RCA's real hit came the next morning in a private demonstration of the stereo version of its disc player. Until now, SelectaVision has had only a mono capability alongside its hi fi, stereo sound rivals. RCA's stereo player will be launched in the U.S. next year: and although experience has taught me to be cautious of controlled demonstrations of this kind, I have to report more than adequate stereo sound quality —which is inherently difficult to accomplish in the system RCA has adopted.

More significant, however, were the well-selected programme extracts RCA had chosen to put on to its stereo demonstration disc. Those I saw were nearly all music, much from the genre of classical pop. Viewing and listening in stereo to performances of quality reinforced my belief that music is going to be big business on video discs; a new experience, with a permanent shelf life.

This left me in a dilemma. Despite RCA's marketing strength in the U.S., until now I have believed that the video disc battle would be a straight contest between Philips and JVC. But if RCA can come out with top class music discs, based on a simple and economic technology, might there be room—after all—for two systems on the market, at the top and bottom ends? I suspect the answer to that question rests more in the hands of Philips and JVC (viz. how they perform in the next 12 months) than with RCA.

It leaves one rather exhausted. As do even more statistics, such as the Philips forecast that the world population of videocassette recorders by end 1981 will be 13.5m rising to 66m by 1985. Or put it the JVC way, 40 per cent penetration of homes in Japan by 1985, 30 per cent in the West. JVC also estimate blank tape deliveries (for all systems) to reach 46m by end-1981, and over 500m by 1985.

More mundane issues such as copyright and royalties meanwhile haunt many in the industry. For example, the British Videogram Association announced that it is pressing for a change in the law so that subsequent rental of a purchased programme will become illegal unless the copyright owner has agreed otherwise.

From Cannes, it should be observed that video is alive and well, attracting all of the confusion, legal problems, double-dealing and razzamatazz that goes with show biz and money. The sun tans may give a misleading impression, but they really are the battle scars of dedicated professionals.

Risk Taker worth the gamble at Redcar

RACING

BY DARE WIGAN

IT IS strange to find a colt who was good enough to finish third in the Group II Gimcrack Stakes at York in August competing for a race worth about £1,500 at Redcar so late in the season. Moreover, Mydrone, the animal referred to, is no certainty to win.

He is opposed by the useful Mummy's Game, and also by Risk Taker, who has travelled up from Guy Harwood's Sussex stable. Indeed, Risk Taker is my idea of the probable winner—before scoring at Newbury last Thursday this colt by Auction Ring had been runner-up to Zinzara at Goodwood and to Sabutai at Ascot.

Earlier in the afternoon at Redcar, Harwood and his stable jockey, Greville Starkey, have fair prospects of landing the Municipal Stakes (2.15) with Twist Home, who was successful in a competitive race run on soft ground at York three weeks ago.

However, the one I like here is Game Fox, a grey colt by Relkino, trained by Michael Stoute, who ran green when fourth on his first appearance on a racecourse at Warwick on October 12 and who received 10 lbs from Twist Home.

Dageegah, Bluethroat and First Tee, who filled the first three places in a nursery handicap at Nottingham on September 28, meet again over the same course and distance in the East Midlands Nursery Handicap (3.00) this afternoon. Judged on that running, there is precious little between Bluethroat and First Tee at the weights. But Lester Piggott is usually worth a pound or two and, since he takes the mount on First Tee Mr Mullion's filly has my vote.

Another probable winner for Piggott at Nottingham is Sandaan, who shaped with much promise when fourth in the valuable Duke of Edinburgh Stakes at the last Ascot meeting. He has nothing of the calibre of Slightly Dangerous, to cope with here.

A third possible winner for the champion jockey-elect is Al Nasr, in the Willington Handicap (4.30).

NOTTINGHAM
2.00—No-U-Turn
3.00—First Tee***
3.30—Sandaan*
4.30—Al Nasr

REDCAR
2.15—Game Fox
3.15—Susanna
3.45—Risk Taker**

TELEVISION

Chris Dunkley: Tonight's Choice

I realise the theory of our broadcasting system is that competition serves the best long-term interests of the viewer, but considered night by night it rarely looks that way does it? Tonight the most enticing programmes on BBC1, BBC2 and ITV all clash.

At 9.00 BBC2 screens a 75-minute tribute to **Pablo Picasso, Painter**, born 100 years ago this week. It combines coverage of his work with film sequences showing him at home, at the bullfight and so on. At the same time ITV begins the third episode of the excellent **Brideshead Revisited**. This week we meet Julia Flyte's tame MP, Rex Mottram (a thinly disguised Brendan Bracken, founder of the FT) and Sebastian, Charles, and Boy Mulcaster are all arrested after a boozy nightclub outing.

Then at 9.25 in the middle of those two programmes BBC1 presents a "Play For Today" which will be particularly compelling for Londoners: **London Is Drowning**. It is the first television play written by Graham Williams who has been a producer of "Dr Who" and "Tales Of The Unexpected."

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London) London and SE only: Financial Report and News Headlines. 1.00 Pebble Mill At One. 1.45 Over the Moon. 2.00 You and Me. 2.14-3.00 For Schools, Colleges. 3.25 O Drio I Dro. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon. 4.25 Jackanory. 4.40 Play Away. 5.05 Newsround. 5.10 Screen Test.
5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.50 Barbara's World of Horses and Ponies.
7.15 Angels.
7.40 The Rockford Files.
8.30 Yes Minister.
9.00 News.
9.25 Play for Today: "London is Drowning."
10.40 Norman St. John-Stevas in Conversation with the Archbishop of Canterbury.
11.08 *News Headlines.*
11.10 Kojak.

BBC 2

11.00 am Play School.
3.55 pm Snooker: The State Express World Team Classic.
6.00 Grange Hill.
6.25 World Chess Championships.
6.45 News Summary.
6.50 Riding the Summer Sun.
7.20 The Other Music.
8.30 Russell Harty.
9.00 Pablo Picasso, Painter.
10.15 Snooker.
10.45 Newsnight.
11.30-12.15 am Snooker.

LONDON

9.35 am Schools Programmes. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 Sullivans. 1.00 News. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus presenter Mavis Nicholson with Mary Berry. 2.25 Heartland. 3.25 Cabbages and Kings. 3.55 Wales Welcomes its Princess presented by Alastair Burnet with Martyn Lewis and Norman Rees. 4.35 Daffy Duck. 4.45 Vice Versa. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London.
7.30 Britain's Strongest Man.
8.30 It Takes a Worried Man.
9.00 Brideshead Revisited.
10.00 News.
10.30 Lou Grant.
11.30 Talking Bikes.
12.00 Going Out.
12.25 am Close: Sit Up and Listen with Lord Willis.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Bygones. 10.30 Then Came Bronson. 11.30 Wheels. 12.00 The Jazz Series—The Ronnie Scott Quartet with Kenny Wheeler and the Bobby Wishart Circle. 12.30 am Your Music at Night.

ATV

12.30 pm Gardening Today. 1.20 pm ATV News. 5.15 Mork and Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Charlies Angels. 11.30 Wheels. 12.00 ATV News. 12.05 am *Something Different.*

BORDER

1.20 pm Border News. 5.15 Bless Me, Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 10.30 The Monte Carlo Show. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and weather. 6.00 Channel Report. 7.00 Survival. 10.28 Channel Late News. 10.34 Lou Grant. 11.30 Wheels. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 7.00 Diff'rent Strokes. 10.30 Hagen. 11.30 Wheels. 12.00 In Concert. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.25 Play It Again. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 10.30 "The Virgin Soldiers." 12.15 am Wheels.

HTV

12.30 pm Gardening Today. 1.20 HTV News. 5.15 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 7.00 Emmerdale Farm. 10.28 HTV News. 10.30 The Tana River Expedition. 11.35 Wheels.

HTV Cymru/Wales—As HTV West except:—9.35-9.50 am Am Gymru. 10.15-10.30 Y Byd A'i Bethau. 11.39-11.54 About Wales. 12.00-12.10 pm Cwadi Cwac A'i Ffrindiau. 5.15-5.20 Bugs Bunny. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Cyfathrebwyr. 11.00 World In Action. 11.30-12.00 Benson.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and road. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 10.35 Some of Our Airmen Are No Longer Missing. 11.30 Wheels. 12.00 Late Call. 12.05 am International Bowls.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 10.30 The Sweeney. 11.30 A New Kind of Family.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 5.15 Bless Me, Father. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 The New Avengers. 11.30 Wheels. 12.00 Brazilian Brothers.

ULSTER

1.20 pm Lunchtime. 3.55 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster weather. 10.30 Rockstage. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Artisans. 10.32 Westward Late News. 10.34 Lou Grant. 11.30 Wheels. 12.00 Faith for Life. 12.05 am West Country weather and shipping forecast.

YORKSHIRE

12.30 pm Cabbages and Kings. 1.20 Calendar News. 3.25 Calendar At Your Service. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 Lou Grant. 11.30 Wheels.

RADIO

(S) Stereophonic broadcast
‡Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.0 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Moments Musical (S). 9.00 Listen To The Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 Charlie Williams at the Variety Club. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Company (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Arcangelo Corelli (S). 9.45 Philip Smith (S). 10.35 Quartets by John Foulds and Schumann (S). 11.40 Songs by Liszt and Rachmaninov (S). 12.15 pm Lunchtime Prom from Guildhall, London, part 1. 1.00 News. 1.05 Six Continents. 1.25 Lunchtime Prom part 2 (S). 2.05 Alan Bush (S). 3.00 Mendelssohn: Hymn of Praise (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Price of Victory. 8.00 Alfred Brendel Plays the Beethoven Piano Concertos Concert from the Royal Festival Hall, London: Part 1 (S). 9.00 Words, Words, Words (S). 9.20 Concert, part 2 (S). 10.05 Music In Our Time (S). 11.00 News. 11.05-11.15 Haydn (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Hatter's Castle by A. J. Cronin (S). 4.00 A Thorn in the Flesh. 4.15 Tea For Two. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Countryside in October. 8.35 No, Minister. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz in the City (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Diversification helps put profits in the pipeline

Mannesmann, the West German steel pipe maker, moved into new areas to help its core business back to profits. Hazel Duffy reports

WITHIN the next few months, Mannesmann, the West German engineering group, expects to win a large share of the orders *to be placed in Western Europe* for the supply of steel pipes for the planned 3,500 mile gas pipelines between Siberia and Europe.

The sale of steel pipe to the Soviet Union is nothing new for Mannesmann. During the 1970s *alone it delivered 7m tonnes; it* built its first pipeline there at the end of the last century.

This latest order is crucial for the maintenance of work levels in the newly-restructured steel pipes division of Mannesmann, giving it the opportunity to ease its way into a return to profit.

The origins of Mannesmann go back to the invention in 1855 by the brothers Reinhard and Max Mannesmann of the first process for manufacturing seamless pipes. The *company* followed German heavy industry's classic route to expansion by adding coal mines and steelworks *to its growing interest in* steel pipe, as well as engaging in steel, chemicals and plastics processing. By the mid-1920s, the structure was well established and remained in being until after the war.

But in the *mid-1960s, the* steel industry worldwide became obsessed with the idea of steelmaking being concentrated *on large-scale steelworks.* Mannesmann *executives* could see that to compete as a major steel producer they would need to devote ever greater resources to the development of its coal, iron and steel. Mannesmann says now that if it had *followed that* course it would no longer exist.

A new strategy was devised which would retain Mannesmann's *specialist* interest in pipe production, and the steelworks to provide the base material; *to this would be added* a strengthened plant construction division and trading interest.

In 1969, agreement was reached whereby Mannesmann acquired Thyssen's steel pipe interests in exchange for transferring its *rolled* steel capacity to Thyssen. Mannesmannrohren-Werke was set up to operate the tube mills, in which Thyssen has a 25 per cent interest.

Mannesmann's diversification policy has been pursued progressively over the last decade, mainly by acquisition. The purchase in 1972 of a 31 per cent interest in Demag, increased to 90 per cent in 1975, has been the major force behind the expansion of plant construction *and equipment* activities. A share stake also in Rexroth, a leading hydraulics manufacturer which became a *wholly-owned subsidiary* in 1975, similarly became the focal point on which Mannesmann has expanded its engineering interests.

Expansion in engineering

Investments in electronics in the past few years have added a new dimension to the process of diversification. First, Mannesmann-*Prazisionstechnik,* which makes peripherals for engineering data systems, extended its product range; this was followed by the acquisition of the Tally Corporation in the U.S., and earlier this year the *purchase of 50 per cent of* Kienzle Apparate in West Germany.

At the end of last year, Mannesmann bought a majority holding in Hartmann and Braun, instrumentation and control systems manufacturers, from AEG-Telefunken. Last month, Mannesmann made known its wish to become part of a major new telecommuni*cations venture which is being* planned by AEG-Telefunken, Robert Bosch, and Telefonbau und Normalzeit.

This process has seen a diminution in the importance of steel pipe in relation to *overall group* activities. In 1968, for instance, Mannesmann's engineering accounted for only 16 per cent of turnover. Last *year, this had grown to 42 per* cent of external sales totalling DM 17.336m (£4.21m). If Hartmann and Braun had been included, the proportion would have been nearer 50 per cent.

In spite of this expansion in *engineering and electronics,* Mannesmann continues to be the largest steel pipe producer in Europe and a major steel producer in meeting the needs of the tube mills. Crude steel production last year in Mannesmann's West German steelworks totalled 3.4m tonnes (the total capacity of the British Steel Corporation is now only 14.4m tonnes). In Brazil, where Mannesmann has steel, tubes, and capital goods interests, steel production was 723,000 tonnes.

The tube mills group has been a big lossmaker in recent *years. With losses approaching* DM 94m (£22.8m) in 1980 (against DM 47m in 1979), the management board decided to take action. Competition has been increasing, particularly in large diameter pipes where the *Italians and Japanese provide* a strong challenge. About two-thirds of the annual production of 2.6m tonnes of steel tubes is exported, exposing the group to the full rigours of international competition.

The board's proposal was that steel and tube production should be integrated—steelmaking was then a separate operating division of the parent company, Mannesmann AG, although it was concerned completely with supplying steel to the tube mills. Under the proposal, tube manufacture would *be concentrated from the base* material to the finished product in a single corporate unit, with one management team that would have profit and loss responsibility for the whole workforce.

The proposal raised storms of protest from the trade unions, which went to the heart of West Germany's system of industrial democracy. West Germany's *coal, iron and steel industries* operate under the Codetermination Law passed in 1951, which provides that 50 per cent of the *company's supervisory board* be made up of workers, with the casting vote going to a neutral director who is acceptable to workers and shareholders. The structure had been devised with the deliberate aim of restraining the activities of the industrial giants which had been vital to the Hitler war machine.

The *unions saw* the Mannesmann proposals not as an efficiency measure, but as a way for the company to ensure that it *ceased to be categorised as* a steelmaker, and therefore fell under the 1976 co-determination law governing companies outside the coal, iron and steel industries, which provides for greater flexibility *for company* shareholders. Although the 1976 law gives parity to workers, the casting vote goes to the chairman who is *a representative of the shareholders.*

The issue over Mannesmann dragged on through the long electioneering period leading up to the Federal elections last October, and became a major issue between the Social Democrats and their Free Democrats partner in the coalition. Finally, just before the election, compromise legislation was passed which virtually binds Mannesmann to its existing status on *codetermination for the next* six years. The group was permitted, however, to go ahead with *its steelworks and tube* mills integration plan.

For the first half of 1981, the steelworks were managed by the tube mills division on behalf of the parent company. Since July 1, the steelworks have been leased to Mannes*mannröhren-Werke, making the* steel interests subordinate to the tube mills. In place of the two management boards there is *now only one,* and 380 administrative jobs have disappeared. Mannesmann estimates that the annual savings *resulting from this change will* be DM50m, while the real advantages on a global scale are likely to be much higher.

Mannesmann has invested substantially in its tube mills—some DM 1.8bn during the past *decade—and productivity has* increased by about 50 per cent over the same period. This did not prevent the losses of the past *three years,* however, which were due in some part to the overcapacity worldwide in large diameter pipe. The Soviet Union has been the major customer for these pipes and *several of the contracts* were taken at prices which only just covered costs.

Contracts at a profit

Mannesmann has stated that future contracts, including that expected for the new Siberian gas pipeline, will only be taken at a profit. With the restructuring of tube mills, it is hoped that Mannesmannröhren-Werke will now go into profit. The Mannesmann group half-yearly figures for 1981, which reported *an improved profit on a 16 per* cent increase in turnover to DM 6.4bn, were due partly to a "better result" in the pipe*making* division, which indicates that the new structure is bringing some benefits.

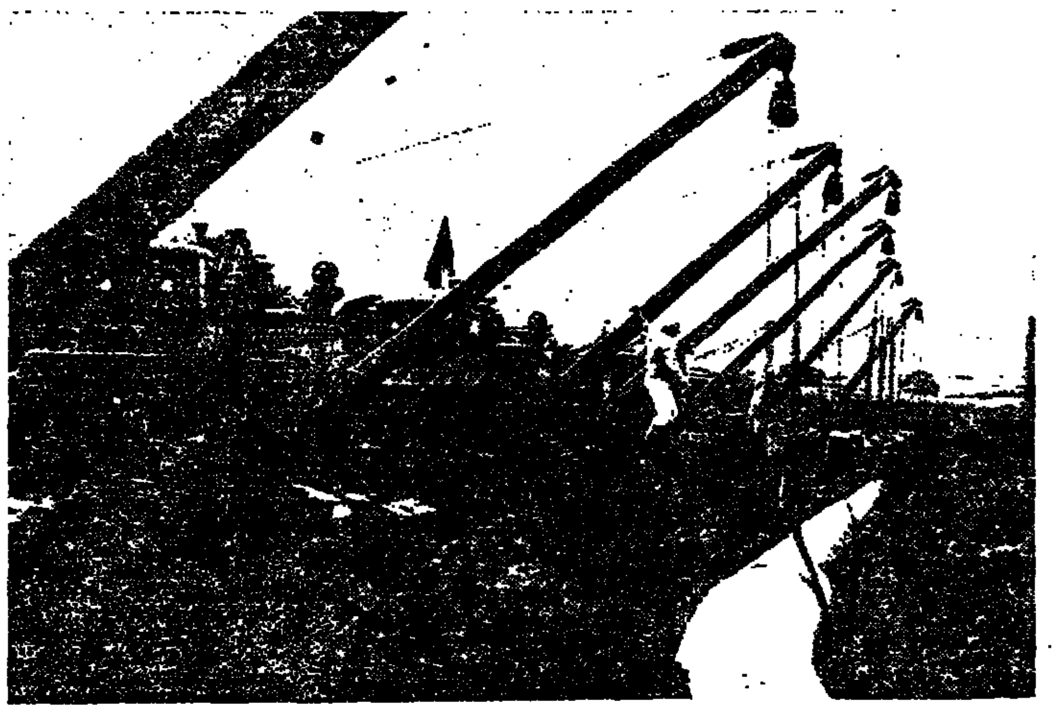
In the meantime, DM 70m is being invested in the further rationalisation of the steel*works which will result* in the closure of one small rolling mill and the extension of the larger mill, and a new coke *oven. Over the next two to* three years, steelmaking capacity will be reduced from 4.2m tonnes to 3.6m tonnes. This will result in the loss of 2,500 jobs by the end of 1983 (Mannesmann's total employment in steel was 9,644 at the end of 1980), although the employees affected will be redeployed elsewhere under an agreement with the trade union.

In common with most of West German industry, Mannesmann is always looking over its shoulder at the productivity increases being achieved in Japan. In pipemaking specifically, it says it is up against competitors in other countries which enjoy a number of structural advantages over West Germany, from lower wage costs to direct or indirect government subsidies.

Mannesmann's long experience in making steel pipe, however, makes it *unthinkable* that it *should withdraw* from this activity. Likewise, it is argued that it could not withdraw from steelmaking because the quality requirements of the tube mills can only be satisfied by the base material being made within the group.

At the same time, Mannesmann is still seeking what it claims to be the greater flexibility under the codetermination laws which is afforded to those companies that are not categorised as falling within the provisions of the 1951 law.

Mannesmann will have to wait another six years before it can hope to achieve that status. In the meantime, it has to get the still very important tube mills division into profit if the recent investments in high technology are to receive the necessary *backing. The Siberian pipe*line orders, which are expected to bring three years' work to the division, to be awarded on an annual basis, should provide the required breathing space in making the transition back into profit.


The transeuropean gas supply system, the Megal pipeline, is made from Mannesmann pipes

Wanted: more independent non-executive directors

ALL publicly-quoted British companies should have at least two non-executive directors on *their boards. Furthermore,* those directors should be completely independent—in other words they should not have any other contract with the company.

This is now the official view of the Institute of Directors, the representative body of the country's top managers. After several years of debate, the institute intends to give this advice to its members "as a statement of best practice."

Although the institute has often put its weight behind calls for greater non-executive representation on British boards, *this is the first time* it has made a firm recommendation to its members.

Its view is that boards should *contain* "a *proportion of inde*pendent non-executive directors and a minimum of two."

At present in the UK a large proportion of non-executive directors are nominees of institutional investors or mer*chant banks.* The institute stresses that it is not recommending that all non-executives be independent but that there should be at least two who are.

The recommendation, drawn up by the institute's company affairs committee and agreed by the main council, should be formally announced next month. After that it will be incor*porated in the institute's Guide*lines for Directors, a weighty 30,000-word document outlining a director's legal duties and moral responsibilities. It is currently being revised.

The latest recommendation *will also include what the insti*tute thinks is the proper role of the non-executive director and also a "discussion" of the appropriate powers of sanction that non-executive directors might have at times of dissent *with their executive colleagues.*

At present, almost the only form of sanction is resignation but the institute wants to encourage *discussion on various* other alternatives, such as giving a proportion of directors the power to call a general meeting.

Other alternatives might be to give non-executive directors the *opportunity of writing an inde*pendent report or noting their dissent in the annual report—in a similar manner to auditors. At this stage the institute is reasonably sure that there is no one "best buy," but that a company's articles of association should, ideally, provide for such contingencies.

Just over a year ago the institute, *in conjunction with* Tyzack and Partners, the management consultants, started a new appointments service to place more non-executive directors in industry. The two organisations amalgamated their executive registers in order to encourage this new concept in boardroom management.

So far the response has been "very encouraging," says the institute. In the past eight months the institute has been working on assignments for around 20 different companies while Tyzack's tally since the service started has been roughly the same.

Joint bureau

Tyzack describes the reaction from industry to the new service as "slow" but a spokesman says this is not surprising because the idea is so new.

However, the company was *handling more enquiries than* ever before, mainly from medium-sized and smaller companies. "The larger companies can find their own people and don't really need us," says Tyzack.

The institute is not the only body pushing for more non-executive representation on British boards. To advance the cause a joint bureau is being set up by the Confederation of British Industry, the Bank of England, the Stock Exchange, the Institutional Shareholders' Committee, the Accepting Houses Committee, the London clearing banks and the Scottish *banks. Its role, initially,* will be an educative one—to convince more companies to appoint non-executive directors and also to persuade the chairmen of large corporations to release some of their executive directors to sit on other boards part-time.

So far the bureau's activites have received a number of set*backs: the first was the death* of Sir John Methven, the CBI's former director general and the scheme's prime mover, and latterly the unavailability of the man—as yet unnamed—who is *to run it.*

It is now expected that the bureau will begin its activites by the end of the year.

However, it seems that the bureau, as well as the institute, will not have an easy time convincing company chairmen of the importance of having independent non-executive directors on their boards.

Bob *Tricker* is a researcher of corporate attitudes and a director of the Corporate Policy Group, a charitable trust involved in advancing public education in the field of corpor*ate issues. He is also a former* director of the Oxford centre for Management Studies and is an independent consultant.

He says that there is widespread acceptance among leaders of industry of the desirability of non-executives, but few chairmen question the independence of their own part-time directors.

*And on the need for inde*pendent non-executives, they are "ambivalent," he adds.

"They know that boards work in conditions of consensus and mutual respect. They are concerned at the risk of waves caused by independents."

Tricker also observes that there are more people looking for independent directorships than there are companies looking for them—a view confirmed by many executive search consultants specialising in the field.

Meanwhile, the findings of the latest survey of British boards finds that chairmen still largely determine the choice of non-executive directors.

The Corporate Consulting Group, a private management consultancy specialising in corporate strategy, found that nearly two thirds of recent non-executive director appointees in large and medium-sized companies were known to the chairman before appointment and nearly half were appointed by the chairman acting alone.

Arnold Kransdorff

TECHNOLOGY

EDITED BY ALAN CANE

Unravelling the air crash mystery

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TECHNIQUES which will help to determine the causes of aircraft accidents have been evolved by the scientists of the Department of Trade's Accidents Investigation Branch (AIB), based at the Royal Aircraft Establishment, Farnborough (although it is an independent body).

These include refinements in methods of reproducing the conversations of crew members recorded on Cockpit Voice Recorders (CVRs), but more dramatically, a new technique of re-converting information from Flight Data Recorders (FDRs) into computerised video reproductions on a TV screen of the flight deck instruments during the final pre-crash moments of flight.

Pilots who have seen this latter technique demonstrated at the AIB — myself included —can actually relive the tension on the flight deck simply by studying the behaviour of the instruments.

More significantly, by studying the behaviour of the flight deck instruments on the TV screen, as the FDR tape is reconverted into information on the dials, the scientists can get a precise picture of the behaviour of the aircraft in the pre-crash moments.

The most dramatic use of this technique so far has been in helping the scientists at the AIB to unravel what happened to the Dan-Air BAe 748 aircraft which crashed at Leicester earlier this year while on a mail-run from Gatwick, killing the three crew abroad.

The FDR was recovered from that aircraft, and its tape, containing details of speed, attitude and height, can now be re-converted into a TV display of the instrument panel. This shows clearly how the aircraft went into a steep dive (when the rear door blew open and came off latching itself onto the tail-plane) with subsequent "porpoising" as the pilot struggled to regain control, prior to the wings coming off and the subsequent impact with the ground.

The AIB scientists are careful to point out that this technique is still in its infancy and that even when fully established as a regular tool of accident investigation, it will still only tell precisely what happened in any accident and not necessarily why.

The latter question will still only be answerable by a painstaking study of all the other elements in the jigsaw—the crew voices in the Cockpit Voice Recorder, the state of the wreckage, eye-witness accounts and even the pathological examinations of the victims.

Thus, even with the new breakthrough in the use of FDRs, there are still many areas where improvements in other accident investigation techniques are desirable and these are also being studied and implemented by the AIB scientists and engineers.

Among them are improvements to Cockpit Voice Recorders themselves, some of which are still comparatively primitive, with the resultant recordings difficult to transcribe.

The AIB team has already devised refinements to the methods of reproducing the speech from CVR tapes.

Appreciate

As a result, not only can the words be heard much more clearly, but also extraneous sounds percolating into the tape recordings, such as engine noises and the sounds of cockpit levers being handled, can be heard more clearly and identified.

This helps the scientists and engineers seeking the causes of accidents to determine what actions a crew took in a particular situation, in addition to hearing what they said.

CVRs are a comparatively recent addition to airliner flight decks and although used by many UK-registered aircraft, they are still less common elsewhere, especially in countries where pilots' unions have objected to their members' conversations being recorded.

This objection is breaking down, however, as more and more pilots come to appreciate that the CVR can often work in their favour, by exonerating them from charges of dereliction of duty.

The AIB has recently recommended to the International Civil Aviation Organisation (the UN's aviation technical agency) that there should be some standardisation of CVR equipment on all airliner flight decks.

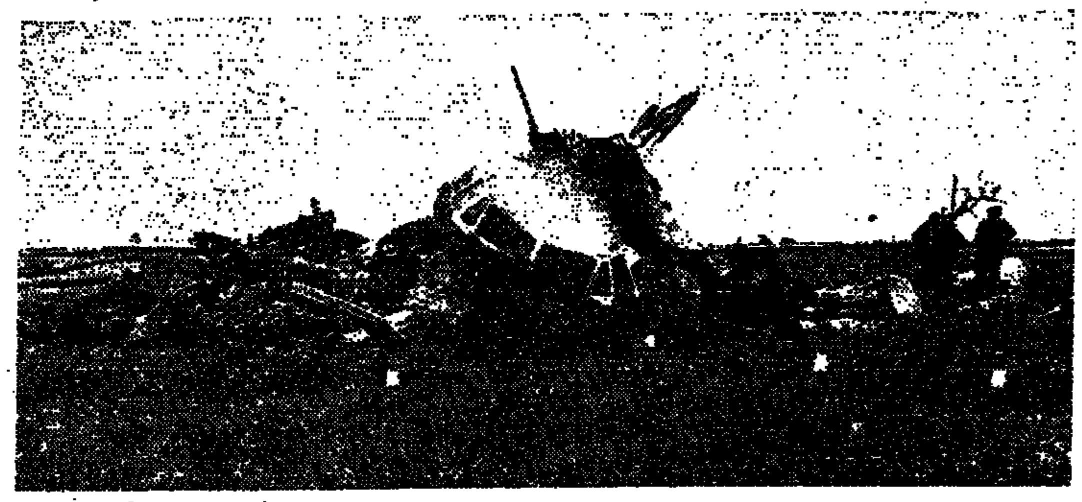
The AIB wants to see a longer duration of recording — a minimum of 1½ hours, and preferably the entire flight. Even in the UK, where CVRs are acceptable, generally only the last 30 minutes of flight-deck talk is recorded, and then erased if no incident of any kind occurred.

Another development sought is the wider use of the so-called "hot-mike" system, whereby every crew member wears headphones with a built-in microphone, instead of crews holding hand microphones. The "hot-mike" CVR system is used in the UK and ensures a clearer record of the flight deck conversation.

This is vital in the case of an accident, where often speech becomes rapid or even slurred, with heavy breathing interfering, and hand-held microphones being dropped as the crew get busier dealing with the emergency.

The AIB also wants to see Flight Data Recorders (FDRs) improved — these are now dayglo red, and are not "black boxes" — with a substantial increase in the number of parameters recorded.

The latest and best models can cover many channels of information, ranging from speed, height, direction, attitude, temperatures, control positions through to the functioning of many of the aircraft's systems. But there are still many older, simpler FDRs in service which record a bare half-dozen channels of information.



THIS Dan-Air BAe 748 crashed near Leicester in June killing the three crew members. The tape shows how the aircraft nose-dived when the rear door blew off.

Japan's 'unmanned factories'

ACCORDING TO an article about to be published in the U.S. journal, *Industrial Robots International*, the Japanese are serious about developing unmanned factories.

Dr T. M. Knasel, who heads the Robotics Applications Centre of Science Applications Inc., McLean, Virginia, believes that all the workforce will do will be to check the quality of the products made the night before, adjust machine tools, do repairs and get materials stocks ready for the night shift, for which only a skeleton force will be needed to cope with any catastrophes that occur.

But Knasel says that the published figure of 70,000 installed robots in Japan includes machines which in the West would not be so classified.

Some of them are actually "home made," in that the workforce will design, build and then use its own production equipment on the shop floor.

In some cases the designs have been good enough for the robot to be made by the company for sale externally—a prime reason for the presence of 140 companies in the Japanese robot marketplace.

As a result of his tour Knasel also came across mobile robots as yet unseen in the West. One, designed to move in a confined area, looked "something like an articulated snake that could move through pipes and so used to run electrical cables in buildings under construction."

But in terms of developing vision for robots, Knasel concluded that the U.S. was clearly ahead and he also thought that Western strengths in software would pay off in the long run.

In the Japanese office he saw very little automation, mainly because of the nature of the language; the brunt of productivity gain has been borne by the blue collar workers, who are probably two to three times as productive as Americans.

He takes the view that when the Japanese office is finally automated (and it is beginning to happen), "the result could be staggering." IRI is published by Technical Insights Inc., PO Box 1404, Fort Lee, New Jersey 07024.

GEOFFREY CHARLISH

Microprocessor to weigh a variety of currencies

MAKING THEIR appearance at the International Business Show in Birmingham (October 19 to 29) are two systems for dealing with currency, one that will count by weighing, the other able to deal with physical cash flow to produce lists and reports.

The benchtop unit from Perkham of London (01-221 3877) weighs notes or coins with a high accuracy loadcell. A microprocessor-based calibration and statistical calculation unit allows the count to be derived from the weight and to be presented, in money terms, on a liquid crystal display.

After calibration each morning using a bundle of nominal notes (to allow for the humidity level of the day), the user then simply places bundles on the machine for an immediate reading. If a repaired note, or part of a note is in the bundle the machine will display "help" rather than give a wrong count and the bundle can then be checked manually.

By inserting differently programmed semiconductor chips into a socket on the front of the unit, any currency in the world can be weighed and counted.

The machine is battery operated and so can easily be moved from place to place in a bank or in other financial environments such as retail stores, sports stadiums, casinos and race courses.

The one-off price of the machine is £495. Two banks, the Department of Industry and the NRDC have backed the development.

At the same exhibition ICC Machines of Enfield (01-804 3027) is showing a machine which can muster all the data in a payment environment including notes, coins, credit cards and cheques. Inputs from, say, a number of tellers, are recorded by the machine's disc store, details from cheques and cards being keyed in using the visual display unit.

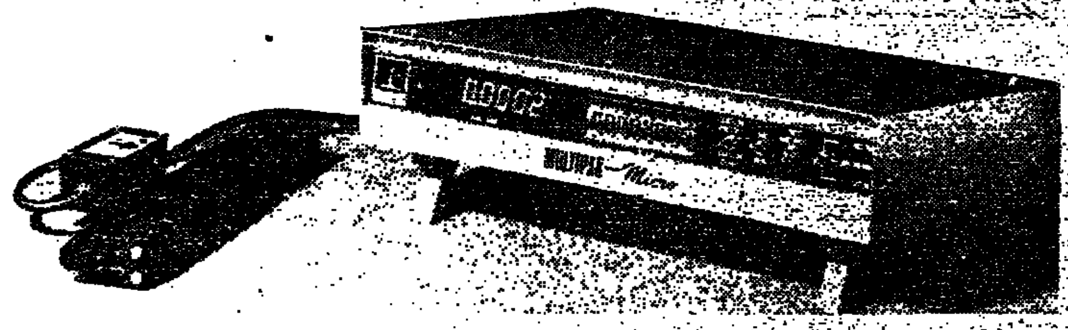
It then becomes possible to generate reports on the associated printer, for example, the total number of notes of specific denominations or the amounts of each denomination from each till. The coin/note counters (ICC's latest E-series units) can operate simultaneously with the VDU/disc/printer system on different transactions.

Waste reduction

SIGNIFICANT reductions in waste material combined with high accuracy and increased productivity are claimed for a computer-controlled sheet-metal shearing system introduced by the Wiedemann Division of the U.S. company Warner and Swasey available in Britain from Tower Machine Tools (04215 80266).

The CNC Optishear 7090, is claimed to give a net output up to eight times that possible with conventional shearing and guillotining methods.

An optional software package, specially developed for use with this machine, is designed to work with a right-angled cutting blade. Scrap costs can be halved, it is claimed, while computer control ensures accurate repetition of the pre-set shearing cycle.



THE Multipak-Micro, a new digital read-out system from Thorn EMI Automation, is a single-axis, low-cost device claimed to have most of the features, without memory, of more advanced systems. It can display linear positions up to 10 metres and is suitable for machine tools from small lathes to floor borers. It operates from either a glass scale transducer, for high accuracy and resolution on short traverse applications, or from a high-precision rack transducer for long traverses and more robust duties.

Propeller in the tunnel

WIND-TUNNEL tests are due to start soon on two types of advanced propellers designed by British Aerospace Dynamics Group, Hatfield Division, as part of a programme to develop quiet, fuel-efficient airscrews suitable for commuter, feeder and short-range airliners.

Studies carried out at Hatfield, Hertfordshire, are mainly on propellers suitable for aircraft gas turbines in the 2,500-to-3,000 hp range and have a typical diameter of 4.5 metres. Both six-blade and eight-blade designs using composite construction are being considered.

The primary objective is to meet new environmental noise restrictions and also to increase the aerodynamic efficiency of propellers for the commuter airliners now being built in increasing numbers to meet changing patterns in commercial air travel.

During the advance of the "pure" jet airliner of the past 25 years a steady demand for propellers for smaller, lower-speed aircraft, and special duties such as hovercraft propulsion has continued.

Tyres save fuel costs

ANY reduction in the rolling resistance of road vehicle tyres is clearly an advantage in cutting fuel costs. After extensive tests on the Continent, a reduction of more than 5 per cent in fuel consumption is claimed for the Hi-Life M501 tyre introduced by Semperit (UK), Slough (75 38711).

The tyre, first introduced in Austria and West Germany, incorporates newly developed compounds and is claimed to combine reduced rolling resistance with high friction on the road surface when braked. Wide circumferential anti-aquaplaning grooves are designed for optimum water dispersion across the whole tread width.

Three rows of tread blocks in staggered formation are claimed to provide good directional and lateral stability while more than 2,100 rubber "blades" in the blocks improve the grip on slippery roads.

Foil marking

DEVELOPED for hot foil marking on very large areas (508 x 762 mm) the Super Meteor FM is said to be suitable for marking applications using wood grain or other specialist foils on TV fascia panels, car components and hi-fi equipment. More from PB and E Engineering, 717, Banbury, Slough. Slough 36536.

FINANCIAL TIMES SURVEY

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Tuesday October 27 1981

Florida

The state, with its phenomenal growth rate, continues to expand and is likely to develop as another California. Florida has become a haven for developers, speculators and, now, Latin refugees as well as being America's retirement capital. But the price in increasingly disruptive social strains is high, as Paul Betts, who wrote this survey, reports.

Collins Avenue at Miami Beach. Florida today is in a process of transformation

Complex and unusual State

"CONOCERLA es vivirla como nosotros." In the English version: "See it as a native." But Miami's favourite slogan for self-promotion—whether in Spanish or English—raises an intriguing question: who is a native of Florida?

The answer is not as easy as one might first guess. There is no clear-cut definition of a Floridian. For, ever since the Spaniards first set foot on the shore of the Sunshine State, Florida has been a melting pot no less remarkable than New York, or Los Angeles for that matter. And Florida today continues to be a complex and changing mixture of people and races.

It is a haven for refugees—whether they be Cubans fleeing political oppression, Haitians fleeing poverty, or northerners from the state of Ohio fleeing the cold. It has become the retirement capital of America, although in the South its overwhelming Latin connection makes it perhaps the least American of all the states of the union.

It has been, and continues to be, a haven for speculators. First there were the pirates who hid in the swamps and banked their treasure chests under the mangrove trees. Now there are the smugglers who have transformed Florida, much to the state's distaste, into one of the world's leading drug centres involving an underground economy that some have estimated to be worth $7bn.

The developers have come in droves to Florida this century. In barely 80 years, they have transformed swamps and sand dunes into a huge property market. Then came Mickey Mouse with the establishment of Disney World, and the mass tourists. And now there are the banks which are fast changing Florida into a flourishing new international financial centre.

In the last decade, Florida has had one of the fastest growth rates of any state. In barely 10 years it has seen its population grow by as much as 43 per cent. It is still growing in the same way as the other members of that American confraternity known as the Sunbelt States as people and industries and businesses keep drifting south away from the frost belt, or the older, industrial north.

But because of its peculiar geography, it has drawn and continues to draw Latin Americans and Caribbeans. On a map, Florida looks like a finger pointing straight into the heart of the central American basin turning it into a halfway house between North and South America.

Its geography and its climate are the predominant reasons for Florida's astonishing growth in recent years. Even today, when America is suffering from a protracted bout of economic influenza, Florida is faring far better than most other parts of the country.

Florida's recent economic performance has undoubtedly been an American success story. Having suffered as much, perhaps more, from the recession of 1973-74, than other states, it has managed to pull itself out of that earlier slump, transforming itself into a broader, more solidly-based economy enabling it to weather the latest economic storm.

Bias

In the early 1970s, Florida relied predominantly on three sectors—construction, tourism and agriculture. All three were badly hit during the 1973-74 recession. Construction and tourism slumped, agriculture was plagued by the weather, and although these three sectors still dominate the state's economy, they no longer do so to the same extent.

The administration of Governor Robert Graham, adopting from the start a heavy pro-business bias, has sought to diversify Florida's economic base. It has done so by encouraging the development of more recession-proof sectors such as high technology, banking and finance and advanced manufacturing. By any standards, this policy has been remarkably successful.

Although construction and tourism have again been depressed by the latest general slowdown and agriculture has had to contend with a combination of freak frosts and a Mediterranean fruit fly pest scare, Florida has continued to expand. The state's unemployment is well below the national average at 6.2 per cent and, according to the latest projections, Florida seems poised to advance in coming years in the same dramatic way as California and Texas during the past 15 years.

But all this economic achievement has not been painless. It has been clouded at times overshadowed, by a host of problems which are both peculiar to the state and general to the country. In many respects, they are the products of growth—perhaps, some would say, too rapid a growth. They are also the products of Florida's own geography and of a social and political issue which has yet to find a precise identity.

During the past 12 months, Florida, or more precisely Miami, the state's biggest urban concentration, has been the scene of the most violent race riots to hit any American city in the past decade. Concurrently, the state has had to contend with a wave of refugees from Cuba and from Haiti of extraordinary dimensions.

The social strains have erupted on the surface with a vengeance. Miami has witnessed a disturbing rise in its crime rate. It has had to accommodate as best as it has been able the huge influx of refugees with little help from the federal Government, which in turn has provoked even further strains not only between Blacks and Latins but between the old Floridians and the new Floridians.

Although the headlines depicting a state in constant turmoil portray a misleading picture of Florida, they nonetheless tell a part, and an important part, of the story. In a sense, Florida is suffering from some of the problems which California faced in the 1960s when the West Coast went through a major crisis of identity. But after the hippies, a bizarre wave of murders and crimes, the social unrest and the race flare ups, California somehow managed to carve itself out an identity of sorts. Florida is now seeking to do this—not entirely on the Californian model but with profound similarities.

At the bottom of it all, it is a question of image. If California once was the state of Beverly Hills and surfing and fruit trees, it is also today Silicon Valley and a major banking centre. Florida, today is still largely perceived in terms of coconut oil, beaches, palm trees and oranges. It now also wants to be seen as an area fast transforming itself into a modern state committed to the growth industries of the future.

But it is undoubtedly an uphill task. The state's social problems are now threatened by the new policies of the Reagan Administration. These policies, mainly centred around the object of trimming down the size of federal Government, are bound to put even greater pressure on Florida to solve its problems, which, in fairness, are not wholly of the state's makings.

Burden

The refugee problem is basically is a national one. But as it happens, the nearest place for the latest wave of Caribbean refugees to land is Miami Beach and it is clearly unfair for Florida to have to shoulder the entire burden.

The cuts in federal aid and programmes will hurt Florida beyond the specific refugee problem. They will force local and city governments to reassess their earlier budgets and programmes at a time when these are needed more than ever. And the irony is that Florida cannot simply get round this by raising its local taxes.

The state traditionally has had an extremely temperate fiscal policy. This has helped as much as any other single factor to attract people to Florida, to attract industry and to attract expansion and development. Thus Florida is reluctant to raise its taxes, especially at a time when the cue from Washington is to cut taxes to get, in President Reagan's often-repeated cliche, "the economy rolling again."

There is also a danger when looking at Florida of judging the state in terms of the South and the Miami area. It is only natural. After all, Miami has become an international nerve centre not only for banking and trade, but in terms of communications, tourism and the other characteristics commonly associated with the Sunshine State. But Miami is only part of Florida and therefore portrays only part of the complex jigsaw which makes up the state.

If Florida is a southern state, its real south, at least in terms of the conventional image people have of the American South, is in the northern part of the state. Life in Tallahassee, the state capital in the north, is as quiet and sleepy as Miami is, by Florida standards at least, chaotic.

The north is conservative, and the centre is farming, while the tourist resort of Orlando, which has Disney World, is much closer to the American dream than Miami, with its Byzantine qualities, has become. So the search for an identity spreads in a host of directions. Miami is one thing and many things at the same time. Florida, on a grander scale, is just as complex, if not more so.

So what is the answer to the question of who is a Florida native? It could be a long-standing resident who has picked Florida, as have so many others, as his retirement dream. It could be the Cuban who has set up a business in Miami. It could be the Latin American who has bought a condominium as a safe investment.

It could be the international or local banker, the merchant, the high technology engineer, the farmer of oranges. It could be the Black person living angrily in Miami's so-called Liberty City. It could be several different others.

Perhaps the only true natives left are the few thousand Indians who still live in the state. But then they too are immigrants, descendants of tribes which drifted down to the Florida swamps because they had nowhere else to go when they were driven from their traditional hunting grounds.

CONTENTS

Bold pro-business strategy is bringing results

MR NICHOLAS CROSS, a seasoned observer of the economy of Florida who heads up the Miami operations of Lloyds Bank, refers to the state's economy as "a three-legged stool". But he says that in the past two-and-a-half years a number of additional legs have been added.

For years Florida's economy has revolved around three sectors—tourism, construction and agriculture. For years too the state has sold itself on the image of palm trees, golden beaches and coconut oil; on its orange juice and tropical fruits; and as a retirement haven for citizens of New York, Pittsburgh, Chicago—and for that matter Cleveland, Ohio. The tourism and retirement business encouraged the big construction boom in residential property, the dredging and filling of swamps, the creation of all-purpose resorts, some more exotic than others, and that remarkably successful intitution and model of the Middle America ideal called Disney Word.

For years, pushed by the strong tourist, construction and traditionally conservative farming lobbies, the state's unofficial motto was "Mickey Mouse, yes—industry, no." There was of course also Cape Canaveral. But the space industry, not far from Disney extravaganza in Orlando, has more often than not been projected as a somewhat outlandish extension of the fairy-tale-come-true world just round the corner.

But in the past two-and-a-half years there has been a pronounced pro-business shift in the state. Since he was elected Governor in 1978 Mr Robert Graham has engineered a remarkable change in the state's economic approach. His main aim has been to diversify its economic base and make it less reliant on such recession-sensitive sectors as tourism and construction.

This bold strategy appears to be paying off. Florida has so far managed to cope with the current recession in the U.S. better than most states. It also seems poised for continued growth and advances comparable to those of California and Texas during the past decade.

A measure of the success of the state's new economic approach is eloquently reflected in the decision by Merrill Lynch, the giant Wall Street securities and financial services concern, to up-grade the state's credit rating from double A to triple A. In a special report on the state's economic performance Merrill Lynch said: "We believe this evaluation to be appropriate at this time in that the state has weathered an economic down-cycle and proven the maturity and diversity of its newly defined economic base." Indeed Florida recovered remarkably well from the 1974-75 recession and has so far done well in the 1979-80 recession, according to the Wall Street firm.

But the 1974-75 recession brought Florida to its knees. Mr Sidney Levine, the state's retiring Secretary of Commerce, said that Florida was then in the throes of a very real depression. "We were hit the hardest and we in fact got out of it the last. Florida suffered much more than other states."

The fact was that the state's economy as a whole was not only hit by the slump in tourism and construction but also by frost that did substantial damage to the citrus and vegetable crop. But in the current downturn, although both tourism and construction have again been hurt by high interest rates and the general economic slowdown and agriculture has again been hit by frost and a subsequent "medfly" scare, the economy of Florida in general has shown resilience.

"For 15 years our biggest problem has been how to keep our people here, especially the young," Mr Levine said. "Our priority has therefore been to create jobs, the sort of better paying jobs which would give the state a more stable employment base."

The strategy of the Graham administration has been, in a nutshell, to diversify the state's economic base in a number of specific sectors which would blend with the state's traditional industries at the same time as taking advantage of the peculiar assets the state possesses.

The state's diversification drive has concentrated on developing Florida as a major centre for banking and finance as well as for commerce. Banking has boomed in Miami and shows every sign of continuing to do so. Florida's geographical position has helped it develop even more as a focal point for Latin American trade and commerce.

But the Graham administration has gone beyond this. It has sought to develop so-called "clean" manufacturing industries in the state, encouraging both domestic and foreign investment in high technology plants, medical equipment and services, aerospace and defence.

It has made great efforts to market the state elsewhere in the U.S. and abroad, promoting it as a developing area for manufacturing industry. It has developed a high grade of infrastructures from efficient airports to improved port facilities. The state's fiscal policies have been conducive to new investments—as indeed has its temperate climate.

Results are impressive. According to Florida's Department of Commerce statistics, the value of international trade in the last two and a half years has totalled \$39.45bn, with exports accounting for \$23.32bn. Some 282 new plants have been brought into the state, creating 57,770 jobs for a total capital investment of \$2.14bn. Among these are Fortune 500 names like Western Electric, Burroughs and IBM, which has made Florida the home of its new small personal computer.

Economy

Foreign investment, which has primarily focused on banking and property, is now also coming into the manufacturing sector. Rolls-Royce has opened a plant in Miami; Racal employs abut 2,000 in its Florida manufacturing facility.

Another measure of the economic recovery of the state since the 1974-75 recession is reflected in its general employment situation. Unemployment this year has so far been around the 6.2 per cent mark compared to a national average of 7.3 per cent. In 1975 Florida's rate was 10.7 per cent.

Although these figures do not tell the whole story—they ignore the desperate unemployment among Miami's black minority and the huge influx of refugess from Cuba and Haiti—they also reflect the broader base of the economy in that the main growth in employment has occurred in the new emerging sectors of the economy. Employment in the business service sector is up by 43 per cent since the 1974 recession, for example, while hotel employment has grown by only 10 per cent.

Development, moreover, has not been concentrated in the southern Miami area. It has been fairly evenly spread throughout the state, including central and northern areas which have managed to cash in on the extraordinary growth of Miami while at the same time developing their own new industries on their own initiative. Tampa is no longer the main phosphate port of Florida (it is often forgotten that Florida is a huge producer of phosphates); it is also developing new industries—as indeed is Orlando.

"Florida, however, has not been as successful as other so-called Sun Belt states in attracting new industry. According to Merrill Lynch, the reasons vary. "But prime among them is the fact that only recently has the state begun a serious effort at attracting industry through the use of industrial recruitment and various incentive programmes."

But these efforts are gathering momentum and Florida today can boast of being the country's leading foreign trade zone state—with a total of five foreign trade zones. The Miami zone moved an estimated \$170m of goods last year, with \$74m going to Latin America.

But the state still faces a number of major hurdles. Perhaps the biggest problem of all is energy (the other is water). Florida, according to Mr Levine, is probably most vulnerable because of its high dependence on oil. For this reason the state is seeking to accelerate conversion to coal-fired generation and pushing for construction of a coal slurry line from the Kentucky-Ohio valley. Already the state produces more nuclear power than the national average.

As for water, years of development with poor ecological and environmental controls have brought with them the spectre of water shortages in a state which has traditionally enjoyed heavy rainfall and abundant water resources. But here too the state has been moving to mend the errors and abuses of the recent past. Indeed it would be ironic for Florida, which boasts the Everglades, one of the world's most spectacular swamps, to find itself without sufficient water to allow it to grow as fast as California did in the 1960s and 1970s and Texas, thanks to the oil boom, in the late 1970s.

Coping with the medfly

ONE OF those little objects you can pick up in any souvenir shop in a popular seaside resort can be found in the wood-panelled office of the Florida Commissioner of Agriculture. It shows a little man fishing in a china bowl.

There is nothing very remarkable or attractive about this *objet d'art* except for the inscription, which says: "The Year of the Medfly—1981."

The medfly (Mediterranean fruit fly or, to call it by its Latin name, *ceratitus capitata*) is one of the world's most feared and voracious pests of fruits and vegetables.

Left unchecked, it can devastate an entire area's fruit and vegetable industry. In Florida, the leading producer of citrus in the U.S., the mere mention of the medfly produces an audible gasp of horror.

The pest is no stranger to the state. It first appeared back in 1929, returned between 1955 and 1957, reappeared in the 1962-63 season, came back in 1968, and again reared its ugly head this year. The fact that only five medflies have been found in Florida this year was enough to send state officials and farmers into a panic.

As one official put it: "If you don't act immediately, you could well find your entire crop devastated.

The latest medfly scare in Florida has followed one of the worst ever infestations in California, where the medfly epidemic has been described as "the most dangerous threat ever encountered in the history of California's agricultural industry."

In contrast to California, where the state authorities dithered largely for local political reasons, making the problem even worse, Florida wasted no time. It immediately started aerial spraying of malathion in suspected areas and it dramatically strengthened controls of fruit moving into and out of the state.

Why was Florida able to handle the medfly threat so much more effectively than California? The answers are to be found in the generally more temperate political climate of the state and Florida's long experience with pesticides and of fighting a variety of pests.

Agriculture

Unlike California, the people of Florida have long come to terms with aerial spraying, especially following the extensive spraying of pesticides to combat mosquitoes. Florida also uses pesticides and fertilisers perhaps more than any other state because of its infertile, porous soil.

Although the medfly has captured the headlines this year, the state's agricultural industry has faced many other problems. The orange crop was hit by a freak frost which is forcing forecasters to estimate production this harvest at 160m to 170m boxes compared to 206m the previous season and 164m in 1978-1979.

The frost was followed by a drought which harmed several other of the state's crops, including peanuts.

But apart from the intemperance of the weather and the hazards of pests the state's agriculture faces several challenges from different directions; and the way it meets these challenges will in a sense be crucial for the state's growth and development.

Agriculture is indeed one of the mainstays of the state's economy, a \$12bn industry with the farmers alone earning nearly \$4bn last year for their various crops. Agriculture has long provided a major employ-

CONTINUED ON NEXT PAGE

Brisk expansion likely to continue for years

HOWEVER YOU look at it, banking has exploded in Miami during the last three years. The area has grown rapidly into one of the major international banking centres in the U.S. by all accounts, business is likely to continue to expand briskly for a good many years to come. And the key to this expansion is very simple. As Mr Maurice Ferre, Mayor of Miami, put it: "It is a case of geography, geography, and geography."

Essentially, Miami is less a part of North America than part of that whole area which encompasses the Caribbean, Central America and the northern countries of the South American continent. Yet unlike that area, it has the big added advantage of being North American.

For years, even before the recent boom in international banking business, Miami has been a focal point for Latins. They have come to Miami to shop, to invest, to spend a holiday. And because of the great influx of Cubans, following the Castro revolution in the 1960s, an even stronger Latin connection has developed. Unlike the latest, tragic wave of refugees, these Cubans came largely from an affluent middle class and they immediately settled to become a vital economic force in Miami.

During the past 10 years, as many as 14 local banks in Florida have fallen under majority foreign ownership. Those which so far have not been sold or merged, according to one New York banker, are those which have not been made an offer equivalent to three times book value at least. Local banks are in great demand and inevitably the bulk of foreign ownership has come from Latin America.

After geography, probably the single most important factor in the growth of Miami as an international banking centre has been the encouragement given to banking from the administration of Florida's governor, Robert Graham.

Any foreign banker in Miami will tell you how easy it is to communicate with the state government and how quickly an application to open an agency is processed—normally between 30 and 45 days.

The turning point came with the passage of the Florida Banking Act of 1977, which allowed major international banks to establish offices in Florida for the first time. With the subsequent relaxation in federal banking regulations, the state also introduce a so-called "competitive equality" statute in its banking legislation. This ensures that state agencies share the same rights and privileges of federal agencies. And in general, Florida has sought to make its laws more attractive—or at least as competitive — as regulations at federal level or in other states.

Until last year, foreign bank agencies in Florida were able to make only foreign loans and to finance international commerce.

Banking

But as of February 25 1980, foreign agencies were allowed for the first time to take offshore deposits and to make local loans. This made Florida even more attractive.

Foreign banks could now compete in the lucrative business of capturing foreign deposits—perhaps the single most attractive feature of the Florida banking market for the big international banks. Unofficial figures put the total of foreign deposits in the Florida banking system at about \$4bn. But anything up to four to ten times this figure flows through the state's banking system and eventually finds its way to other offshore facilities or other U.S. desinations.

At the latest count, there were 22 established foreign bank agencies in Miami. But the number keeps growing. Credit Lyonnais has just announced it is opening an agency. Banca Nazionale del Lavoro, Italy's largest commercial bank in terms of assets, is also planning a similar move. Overall, there are reports that about 25 banks are either considering applications or have already applied to open in Miami.

In banking, there is a so-called "pack theory"—that once a number of major banks open operations in an area, other banks will follow simply not to be left out. Thus the decision by a number of major European banks including Lloyds, Barclays, Credit Suisse, to open Miami operations as well as the host of Latin American banks present on the market has prompted others—often for defensive reasons—to consider a Miami agency. Royal Bank of Canada has now chosen Miami as its headquarters for Latin America—a move perhaps prompted as much by the fact that Royal Bank wanted to get out of Quebec as by the potential of the Miami market.

But foreign agencies are only one aspect of Florida banking. Since the late 1960s, many major U.S. banks have established so-called Edge Act operations in Florida. There are now 23 Edge Act banks based in Miami of which three are non-U.S. banks.

Edge Act banking is one of those curiosities of American banking. With stringent regulations preventing inter-state banking in the U.S., the Act, introduced in 1919, enabled U.S. banks to open offices outside their home states, specifically to provide financial services linked to foreign trade. To a very limited degree, it has helped to break down some of the rigid barriers of inter-state banking. Indeed, some banks have used the Edge Act to gain a foothold in a state and used the facility as a loan production office.

The Edge Act has also been liberalised recently to enable banks to consolidate their Edge Act operations into a "Master Edge," giving them greater flexibility and scope in making foreign trade linked lending. In the past, Edge Act operations had to be capitalised separately; now banks can lump their offices together and treat them as branches of their Master Edge which they can locate where they like.

Significantly, many have chosen Miami, further strengthening south Florida's banking base. Among these banks are such giants as Morgan Guaranty, Citibank, Irving Trust and Manufacturers Hanover. Foreign banks too are now allowed to set up Edge Act operations.

At the same time, despite all these impressive numbers, Miami is still a relatively small banking market—at least compared with, say, New York or Chicago. Nonetheless, activity in international banking is likely to be stimulated further with the imminent introduction of so-called international banking facilities (IBFs). These are also the product of more liberal U.S. Federal banking legislation, and are designed to make U.S. money centres competitive with such offshore Eurodollar centres as the Bahamas and London.

New York has already proposed legislation to enable banks to set up IBFs, which will simply mean, as one banker put it, opening a separate file with all offshore business to conduct both Eurodollar lending and deposit transactions. Florida too has put together similar legislation to New York's, but with the added advantage that there will be no phasing in tax structure. Basically, what this means is that it will be simpler to open an IBF in Florida than in New York in terms of red tape and fiscal treatment.

The IBFs will also make Miami an even bigger threat to Caribbean offshore banking centres such as Nassau, the Caymans or Curacao. Already, Miami and south Florida has captured a large slice of deposits from the Bahamas.

With the IBFs, Eurodollar transactions will be able to be performed either in Nassau, in New York, or in Miami. "It will become an interchangeable business," one New York banker commented.

But although Miami appears to be poised for even greater expansion as a financial centre, it does have one very serious problem—a problem of image. For years now, Miami and southern Florida has been a booming centre for the drug industry.

The state and the banking industry have repeatedly said that they can do without all the drugs and drug money which have cast an unsavoury shadow. Although most bankers claim that the stories about drugs and the amount of drug money which ends up in the banking system tend to be exaggerated, a number of foreign banks are known to have had misgivings about opening operations in Miami for this very reason.

FLORIDA'S MAIN AGRICULTURAL CROPS — 1980

Crop	Production	Value (\$m)
Oranges	206.7m boxes	748.8
Grapefruit	54.8m boxes	178.6
Other citrus	22.1m boxes	83
Avocados	1.23m bushels	16.3
Mangoes	250,000 bushels	3
Fern and hardy greens	1.6m cartons	50
Vegetables	42.1m cwt	678.2
Water melons	*7.9m cwt*	*46.5*
Potatoes	5.3m cwt	36
Strawberries	55.8m cwt	27.9
Cattle and calves	2.48m head	347.7
Hogs	370,000 head	53.1
Honey	20.3m lb	10.6
Milk (estimate)	2m lb	317.6
Poultry and eggs	3.04m eggs	214.2
	151m chicks hatched	

FIELD CROPS (1979 figures)

Corn	54.4	Peanuts	37.8
Soyabeans	86.7	Tobacco	30.2
Sugarcane	198.9	Cotton	1.2
Hay	28.9	Pecans	1.5

Source: State Commission for Agriculture

Medfly problem

CONTINUED FROM PREVIOUS PAGE

ment base for the state, with one out of every four Floridians working in some branch or other of farming.

The industry is also highly diversified. Florida does not just grow oranges, grapefruits and limes. It grows as many as 37 different crops, from citrus to vegetables, melons, potatoes and strawberries, sugar cane, tobacco and peanuts among a host of others.

There is also a sizable poultry industry, pig farming, and surprisingly to some, the state ranks first in beef herds among the states east of the Mississippi.

Agriculture has also continued to develop at a time when the state is undergoing some of the fastest urban growth in the U.S. In terms of agricultural output, Florida is now among the top 12 states. By 1990 it is expected to be the fourth largest agricultural producer in the country.

But the question of Florida's remarkable urban growth—its population grew by an astonishing 43 per cent in the past decade—is perhaps the key challenge facing the agricultural sector.

Land encroachment has been compounded by another crucial issue — water management. The state is now actively engaged in improving water management as a whole. But decades of dredging and filling and of explosive real estate development have led to a serious water shortage in Florida.

The problem is simply one of too many man-made canals, too much reclamation and too much development. When it rains, and it rains abundantly in Florida, the water is no longer stored but flows into the canals and out to sea.

There are other challenges to agriculture beyond the conflict between development and farming. The economics of Florida farming are such that the state exports fresh vegetables and fruit but is not in the food-processing business. This puts the onus on efficient transport to move the produce out fast.

Significant improvements have recently been made in the transport of Florida's perishable produce, but state officials say that much more must be done, and that the industry will have to mechanise even more because of an increasing shortage of dependable labour.

Farmers are also seeking to reduce their heavy dependence on petrochemical-based fertilisers and pesticides to make their industry less vulnerable to fluctuations in world oil prices.

The state authorities have announced that new low-energy methods must be devised to reduce the amounts of fertiliser—particularly nitrogen—used in growing commercial crops.

Miami Airport still expanding fast

TRANSPORT, and aviation in particular, has been largely responsible for Florida's astonishing economic growth during the past decade. If you were to scrap all air traffic and aviation facilities along with the state's deep-water, cruise ship and container ports, Florida would grind to a halt practically overnight.

Miami's international airport has become the world's ninth largest airport in terms of passenger traffic. It employs about 70,000 people either working for airlines or in a variety of other occupations in and around the airport. By 1985 the airport expects to handle about 28m passengers a year, or the same amount as London's Heathrow and New York's Kennedy today. By 1990 the figure is expected to rise to about 37m, equal to the two busiest airports in the world—Chicago's O'Hare and Atlanta, Georgia. By 1995 Miami will probably be handling as many as 45m passengers a year.

Mr Richard Judy, the colourful and informal director of the airport, reels off the statistics like a bored IBM computer. During both 1979 and 1980 Miami had the highest passenger growth rate of the world's top ten airports. It is developing even faster as an international air hub, with international passengers showing twice the growth rate of domestic passengers. In terms of cargo the airport handled about 600,000 tonnes of air freight last year, of which 28 per cent was domestic and 72 per cent international. This makes Miami No 5 in the world air freight league. It puts it No 2 in the U.S. after New York's Kennedy.

In a year which by any standard has been one of the most traumatic in U.S. aviation history as a result of the impact of the air controllers' strike and the effects of airline deregulation, Miami has stood up better than other American airports to the dramatic changes which have swept the industry. "The strike has had little adverse impact on us," Mr Judy says. "In general we are operating about 95 per cent of normal. Yes, we are a little down so far this year, but much less than a lot of other major airports."

The effects of airline deregulation in the U.S. also reflect the strength of Miami airport. Two carriers—Eastern and Air Florida, the latter a new force since deregulation—are based in Miami. Another, Pan American, plans to move down from

Transport

New York to Miami. The New York-Miami route is currently at the centre of an unprecedented price war between domestic airlines. Intent in capturing or holding their shares of the Miami market, the airlines are offering prices for one-way coach trips from New York for as little as between $75 and $69. Fare-cutting is also frantic on other routes from Miami to the West Coast, to Houston or Dallas, or to London.

Basically, everybody wants to fly to Miami. Besides such technical considerations as Miami's good flying weather and the airport's modern facilities (customs have now been improved so that you no longer have to wait hours in a queue): there is a very simple economic reason. Miami, as an international air hub, is expected to continue to grow much faster than any comparable airport.

The airport possesses the first major international-to-international in-transit facility in the U.S. As many as 70 scheduled airlines serve the airport. They include 25 U.S. airlines and 45 foreign. Of this total, 17 fly only scheduled all-cargo flights out of Miami.

Thus the relationship between Miami and the economy of Florida is one of mutual dependence. It has been critical to the development of tourism. It has played an equally crucial role more recently with the development of banking and new industries. As a result the airport is expanding. Some $300m of projects are already under design or construction. A further $500m are in the planning stage.

The relationship of the airport with the economy goes beyond this, however. The airport is also actively involved in the expansion of commerce and the sort of high technology industry the state is pushing. It is rapidly becoming a centre of the manufacturing, overhaul and distribution of aircraft parts. Some 100 companies, large and small, already have operations around the airport. The free zone barely two miles away from the airport is already handling more than $1m of international goods each day.

Orlando has just inaugurated a $300m international air terminal designed to service not only the expanding tourist business in the area—after all, Orlando is now synonymous with Walt Disney since Disney World opened in 1971—but also to serve the new industries that are opening in the area. Tampa too has an international airport, as do Fort Lauderdale, Palm Beach and Jacksonville. Each has ambitious plans for the future. Their prospects, however, are bound to be dwarfed by Miami.

The development of commerce and industry have also led to a major face-lift of the state's sea ports. Miami now accounts for as much as one third of all cruise ship business in the world and is the undisputed world leader as a cruise port. But it has also become a major container port, reflecting the general expansion of international trade in the area. Other ports in the state play an equally important role in the general economy of the state.

Tampa, for example, has traditionally been a major phosphate export port handling the phosphate extracted from the so-called Bone Valley formation of central Florida. The area accounts for as much as 30 per cent of world production and 75 per cent of U.S. phosphate output. Last year export of phosphate rock totalled 20.8m tonnes and Tampa is expected to reap the benefits from this industry for years to come.

The port is no longer a one-product outlet, however. It now serves the area's other industries, including agriculture, with more than 50m tonnes of cargo moving from the port. As for Jacksonville, it has been traditionally the leading entry point for foreign car imports into the U.S. In this respect Tampa and Jacksonville play as important a role in the state's economy as does Miami, although Miami has tended to hog, not surprisingly perhaps, most of the international attention.

WORLD'S TOP TEN AIRPORTS
(Annual growth rate per cent)

	1977	1978	1979	1980
Chicago	+ 6	+11	− 2	− 9
Atlanta	+10†	+34*	+ 4	− 4
Los Angeles	+ 9	+16	+ 6	− 5
London Heathrow	+ 2	+13	+ 6	− 2
N.Y. Kennedy	+ 7	+10	+ 8‡	− 1‡
San Francisco	+ 8‡	+14	+ 5	− 8
Dallas—Fort Worth	+ 8‡	+14	+14†	− 3
Denver	+12*	+24†	+ 8‡	+ 1†
Miami	+ 7	+20‡	+19*	+ 4*
N.Y. LaGuardia	+ 7	+13	+ 8‡	− 5

Source: 1976 to 1979—AOCI; 1980—Dade County Aviation Department.

* Highest. † Second highest. ‡ Third highest.

New exchange taking shape

SOME TIME in the latter part of next year, Florida will have its own insurance exchange, adding an important new piece to the increasingly intricate economic jigsaw puzzle now developing in the Sunshine State.

Since vague proposals about the need for an insurance exchange were first aired about three years ago, when international banking and finance started gathering in Florida, the idea of an insurance exchange based in Miami has generated increasing excitement among Florida's international financial community.

The exchange will be called the Insurance Exchange of the Americas. Already, Mr Alan Teale, a prominent figure in the world of insurance business who has been connected with Lloyd's of London and British and international broking for almost 30 years, has assumed his responsibilities as president and chief executive officer of the new exchange.

But despite the general bullishness in Florida about the prospects of the new exchange, the insurance industry both in New York and Chicago have expressed doubts whether there is enough of a market in Miami to make such an exchange a going proposition. New York already has an insurance exchange and Chicago plans a similar venture next year. As one New York broker remarked: "The real question will be whether there is enough business for all of us, and in particular for Miami."

Mr Teale thinks differently. He claims that the doubts in New York and Chicago reflect concern over the possible competitive impact of the Miami exchange. "I would be worried if they were not saying these things," he remarked at his cluttered office in downtown Miami.

Mr Teale makes a forceful case for the need of an exchange in Miami. "There is a flourishing international financial, trading and manufacturing base to the Florida economy. But at present, the insurance industry in Florida is fragmented and there is no focal point. The exchange will provide it."

In addition to being a growth area internationally, Florida, and Miami in particular, happens to be a very specialist

Insurance

environment with a strong Spanish let alone Latin American connection, Mr Teale says. Miami in recent years has become a major meeting point for Latin American businessmen and business. But these businessmen have long said that they did not know where to turn to do their insurance business connected to their broader interests conducted in the Miami area.

Mr Teale says that the type of business the exchange will do will depend on the types of syndicates which join the exchange. At present, he claims, there are already 32 potential syndicates which have expressed strong interest in joining. As for the type of business, he says that in the first year there probably will be a substantial volume of overseas and U.S. dollar reinsurance business, which, traditionally, "is the easiest to get into."

He anticipates that about 35 per cent, or perhaps more, of the business will come from Spanish-speaking countries. About 45 per cent will come from the U.S. with the balance from the rest of the world.

At the same time, if the exchange does prove a success, Florida hopes it will attract new businesses and investments to the state. The exchange should generate more demands for banking, legal, accounting and other professional services in the area.

Rolls-Royce

Prestige symbol for State

AT THE end of one of Miami airport's runways, amid much redevelopment work and a hangar with marvellous relics of the Constellation, perhaps the most graceful commercial aircraft ever built, stands a low-slung 350,000 sq ft modern structure. Anyone landing or taking off from the airport will see in blue the name Rolls-Royce written on top of the building. For Miami—and for that matter for Florida as a whole—that sign represents something of a coup.

The fact that one of the best-known names in aviation and high technology has chosen Florida as the home of its first U.S. manufacturing plant means much more than the additional 90 jobs that it will add to local employment. It is in a sense a symbol of the direction the state wants its economy to take. It is part of Florida's drive to encourage both foreign and domestic investment to transform the state into a centre for high technology industries in the U.S.

In so doing Florida hopes to change its traditional geriatric and vacation paradise image, lay the foundations for a more solid and recession-proof employment base, and create an industrial structure which will not clash but complement the area's backbone industries including tourism and agriculture.

For Florida it was important that Rolls-Royce, which was known to be looking for a site for its first manufacturing facility in the U.S., should pick the state. Mr Bill Gent, of Rolls-Royce, said the company had considered some 30-40 locations in the eastern U.S. It settled on Miami for a variety of reasons, not least the fact that the state and the Dade County Aviation Department did everything they could to persuade Rolls-Royce to pick Florida.

The building which houses Rolls-Royce was originally built in the early 1940s. But the Dade Aviation Department had it stripped and completely renovated at a cost of nearly $10m. It is the home not only of Rolls-Royce but of another well-known name in commercial aviation, Cleveland Pneumatics, which will use its part of the building as a facility for the reconditioning of landing gear manufactured by its parent company in Cleveland, Ohio.

Rolls-Royce, for its part, inaugurated its facility at the end of June. By any standard, it is one of the most modern facilities of its kind in North America. It is already producing components for the company's RB-211 series engines, including the RB-211-535 which will power Boeing's new 757 medium-range passenger airliner due to come into service in 1983. And if discussions between Rolls-Royce and Pratt and Whitney, the aviation subsidiary of United Technologies of the U.S., bear fruit, the plant could well play a part in the joint construction of the engine for a new generation of Boeing 150-seater passenger aircraft.

The UK company, which has made a machine tool investment at the Miami facility of more than $20m, picked Miami also because of the presence of some of its principal customers in the area, including Eastern Airline, which has selected the Rolls-Royce engine to power its new 757 jets. According to Mr Gent, the geography of Miami and its privileged communications also played a big part in the decision to select the area.

But for Florida, above all, the plant, the state hopes, will act as a carrot to other major companies to consider investing in "the Big Orange."

Inspecting an RB211 compressor cone shaft after the assembly has been built up by electron beam welding

Boom industry squeezed as interest rates peak

IN A BISTRO in Coconut Grove, a fashionable Miami suburb which strives to convey a Bohemian atmosphere, two middle-aged couples, the men in flamboyant tartan slacks, were discussing a recent sale of a villa. "Lucky we took what we were offered before the market collapsed," said one man, or something to that effect.

At dinner in another thick garden suburb called Coral Gables, the hostess was quite mystified why her Spanish-style house on sale for the past six months had yet not found a buyer.

Property, along with tourism, has been one of Florida's traditional boom industries and is the inevitable subject of dinner table conversation. In the past year or so the interest has been intense because the market, especially for residential property, has been in a coma.

This is not surprising. With interest rates and mortgage rates now at near-record peaks, demand for housing and new residential construction activity in Florida is now and has been for the past year in a recession.

The fact is that in Florida residential housing has traditionally increased faster than the number of household formations in the state. The big surge in residential construction reached a peak from 1971 to 1973. Since 1976, however, the pace of new construction has slowed and in the last year or two has dropped even more.

A popular explanation has been the effects of the increasingly poor image Florida has suffered in the U.S. and international Press as a result of the riots and the influx of refugees. But to a large extent this has been exaggerated and has had not a very pronounced effect on the residential housing market. The real problem has been and continues to be the high level and volatile nature of interest rates in the U.S.

None the less, residential housing in certain specific sectors has been less depressed than in other parts of America. To a large extent this is the result of continued interest by foreign investors, particularly from Latin America and the Caribbean, in Florida property. While demand from the northern parts of the U.S. has cooled, Latin Americans are still seeking residential property in Florida, especially in the southern part of the state.

The downturn in housing has had a similar, though more moderate impact, on commercial property. Again the main stimulus has come from overseas investors. According to Mr Roy Kensie, executive director of the Miami Downtown Development Authority, the pattern of ownership of commercial property has been changing quite dramatically.

"The majority of development in downtown Miami to date is probably 60 per cent domestic investment and 40 per cent foreign investment," he said. But in recent months the pattern of ownership has heen changing with more owners, he claims, coming from outside the Miami area.

In the specific case of Miami commercial development has seen the following trend, he explains. A number of major projects which had obtained financing before the latest surge in interest rates, are now under construction. He claims that some \$2.3bn of projects are currently under construction in the area and an additional \$800m has yet to be announced.

But new commercial development, Mr Kensie admits, has been hit by the general financial conditions in the U.S. None the less, momentum in the commercial sector is being sustained thanks to what he calls the "tremendous amount" of foreign investment coming to Miami and Florida. These investors take the form of pension funds, offshore funds, Lebanese, Saudi Arabian and Canadian funds. All these interests see Miami as a developing international centre, a haven for foreign investment and a market with long-term capital gains potential.

"But the market has clearly changed . . . because of the high interest rate and the tightness of money, developers are having to be more creative in financing their projects. Thus you find some developers taking equity positions in projects, you find foreign and domestic pension funds taking an equity stake in developments. But overall the commercial market is seen to have strong long-term growth potential," he says.

Construction

Mr Malcolm Gloster has recently been sent to Miami to open up an operation for Grimley and Son, the chartered surveyors based in Birmingham. Like some of the best-known names in the U.S. property business, including, for example, the real estate arm of Merrill Lynch, which has been taking over a number of real estate brokerage firms in Florida, Grimley is apparently confident of the business prospects for real estate in Florida.

Mr Gloster explained that his firm originally decided to open in Miami because one of its principal clients, a Middle East investor, wanted to expand his interests in the Miami area. "But it is not just a question of servicing one of our major clients. We believe the area has strong potential for medium-sized developers in Britain and elsewhere."

The bulk of the construction market in Florida continues to be focused on the state's long-term aim to diversify the base of its economy. In Miami the emphasis is on improving commercial facilities for the development of financial services and trading concerns with projects ranging from the construction of a trade centre to improvements of major capital works such as the port facilities and the airport. This is true of other Florida cities like Orlando and Tampa, where the emphasis is either on enhancing the manufacturing base of the area or improving the tourist infrastructure ranging from hotel accommodation to convention facilities.

But most developers admit that even in the commercial market the situation is rough at the moment. Although the problem of interest rates is not just Florida's—it is one of the major concerns of the country, if not the dominant one—it has had in a sense a more visible impact on the state's economy. This is because for years the growth of the state's economy has been sustained by the construction boom in both residential and commercial property. On occasions it has led to gross abuses, endangering the state's water supply and some of Florida's natural assets like the Everglades and the coast line, which have been subjected to some pretty indiscriminate building development.

But by all accounts, although the housing booms of the 1970s may never be repeated, the current situation in Florida is one of hiatus. If interest rates do not eventually come down the industry will adapt to living with high rates.

As one developer said: "We may not see the hectic activity of the past but the growth potential of the area as a construction market is there."

Crime and riots dent the image

"BRITISHERS FOUND T-bone steak but no muggers" screamed a recent headline in the Miami Herald. The story went on to describe how a British couple on holiday in Miami Beach had expected to find a mugger on every corner. Instead they found a juicy T-bone steak about half the price of what you would have to pay in London. Other British holidaymakers were interviewed. All expected to see murders, riots and muggings. But all said they had had a wonderful time and that no one had bopped them on the head or snatched their handbags or gold necklaces.

The story is symptomatic of what is happening to the tourist industry in Florida. For years tourism has been perhaps the state's biggest money machine; today it is facing an increasingly troubled future. Its uncertain prospects are likely to continue to affect the state's economy as a whole for a good many months.

As the story in the Miami Herald eloquently reflects, tourism is suffering from a bad image problem. The riots in the Liberty City black ghetto of Miami held the headlines on all the front pages of the domestic and foreign newspapers and magazines. The fact that a number of tourists were injured—and one killed—made matters worse. Visitors from Britain, one of the main foreign markets for the Florida tourist industry, started becoming scarce.

But the riots were not the only problem. Miami, and Miami Beach in particular, has

Tourism

also increasingly been called "the Murder Capital of America." In many respects this conveys an exaggeratedly frightening image, although the city has seen both its murder and crime rate rise sharply in the past year or two.

The city's crime problems are closely related to Miami's growing social problems. The huge and tragic influx of refugees from Mariel in Cuba and from Haiti has exacerbated the city's own growing pains. The combination of a large and distressed element of the population eking out a hand-to-mouth existence in an area which they thought would be a promised land together with a strong criminal element has made law and order Miami's most pressing problem.

The problem is not exclusive to Miami. New York, Detroit, Chicago, as well as other big cities, have faced a rising tide of crime. But for Miami the situation is perhaps even more acute. After all, the city has for years marketed itself as a haven for relaxation and rest in the sun, a place where visitors could forget all their problems and concentrate on surf, sand and sea.

So although no visitor need ever come in contact with the city's pressing problems—unless of course he goes out to look for them and does not stick to the ground rules of life in any large American city—the crime, the refugees, the riots have all contributed in building up a cliche of the new Miami. "People still think of Chicago as synonymous with Al Capone. Once you get that sort of image, it is difficult, if not impossible, to get rid of it," one local resident remarked.

TOURIST TRAFFIC

	Visitors (m)	Spending ($bn)
1979	35.6	16
1980	35.9	17
Q1 1980	8.7	4.8

But image is only part of the story. Tourism has suffered even more from a series of economic factors ranging from the rising value of the dollar to the high interest rates in the U.S. and the country's general economic slowdown. The strength of the dollar has become perhaps the biggest disincentive for foreign travellers. As for the domestic economic slowdown, it has been translated with a decline, albeit modest so far, of visitors from other States, especially the North East and Middle West.

This combination of setbacks has led to a curious war between the various major Florida tourist centres. With declining numbers of both domestic and foreign visitors, central Florida and southern Florida are competing fiercely for a greater share of tourists. The campaign has been waged through local newspapers and through aggressive marketing efforts which at times have been pretty crude.

Orlando, home of Disney World and the main rival to Miami, has not held back its punches. It has launched a major offensive to capture away from southern Florida a growing number of visitors by promoting itself as a far superior and safer tourist haven offering a wide range of resort facilities, Disney World and improved modern tourist infrastructures. Miami has countered angrily, claiming Orlando has been spreading unsavoury publicity about southern Florida.

Despite all these signs of an industry in trouble, Florida's tourism has none the less shown considerable resilience in the face of all its recent problems. Indeed the sector continues to fight back through a policy of creative and competitive marketing.

The State does offer a vast array of attractions. Besides the weather, the sea, the breaches and the varied facilities on both the Gulf of Mexico and on the Atlantic shore, the State has such natural attractions as the Everglades, the keys running off its southern tip and numerous other assets which will undoubtedly continue to attract large numbers of visitors.

What is perhaps changing is the traditional itinerary of the American or foreign tourist to Florida. Although many visitors continue to seek a holiday in one resort for a week or more, more and more are spreading their time across the State. The classic example is the family that spends four days in the Orlando area to take in Disney World and the other attractions and then moves down to the breaches on the Atlantic or the Gulf coast, spending perhaps a day or more in the Everglades.

Indians make peace with the 20th century

"God and his friends were being chased by their enemies. They ran until they came to a swamp. They ran to the end of the earth."

THE FRIENDS of God, in this passage from oral Red Indian history, are the Miccosukee and Seminole Indians — tribes that over the years were driven by the white man to seek shelter, homes, land and anonymity in the swamps at the very tip of the country in which they once freely roamed.

Some of these Indians still live there—after a legal battle which has dragged for 20 years with the American Government but which is finally drawing to a close. The swamps are known to all the geography books as the Everglades, one of America's great natural wonders.

It is not difficult to get into them. The Everglades is a national park with Forest Rangers and official trails. There is even a motel down the very end of this huge natural preserve which has had to fight off the ever-extending tentacles of development and the pollution of civilisation. There are still alligators, and deer, herons and frogs, and vultures which line the billboards along the trails in the morning to lunch later on the frogs, raccoons and snakes which motor cars and lorries squash every night.

Nor is it difficult to meet the original settlers of the swamp. The Miccosukees are still shy but no longer keep totally to themselves. They have, as other Indians throughout the States, adapted to modern ways and to the demands of modern America. They still live on some of their native crafts, but they now rely principally on tourism.

To reach the Miccosukee Reservation, you travel along the Tamiami Trail—a straight piece of tarmac which dissects the swamp and Florida in two — for about 20 miles out of Miami. Large notices on the road-side advertise "Tiger's air boat rides" or "Shark's air boats" or "Indian souvenirs" or "native snacks and frog legs." The reservation is right beside the Tamiami Trail, which is, in fact, a perfectly modern highway. There are some huts, and some roadside cafes, and along the canal, which flows all the way down the trail, there are air boat stations.

Pete Osceola, who calls himself an "independent Indian" — that is an Indian who does not recognise the federal concept of a reservation—operates airboats and helps run the family's gift shop, coffee shop, and — as his T-shirt advertises — also builds chickee huts, the traditional Miccosukee dwellings made of cypress logs and thatched with palmetto leaves which adorn many a Miami poolside these days.

An airboat ride is an unusual and exhilarating experience. The boats are flat craft which

Everglades

skim over the swamp in water barely two feet deep. They are powered by aircraft engines which stick up high on the back of the boat. The Osceolas now use an ordinary General Motors engine because it works just as well, makes less noise, and is cheaper to run. Pete Osceola's brother took me on such a run.

The swamp is extraordinary. It goes on for ever. There are little hummocks, or islands, scattered all over the flat plain of water and reeds and on these little islands the Indians once lived. You can still see their camps of chickee huts. Beyond, there is what the Indians vaguely call the cypress area, where large cypress trees grow, many with their trunks in the water.

At the reservation, the Miccosukee have built what they call a Miccosukee culture centre and village to improve communications between Indians and non-Indians and to earn an honest buck. And the culture centre reflects the concessions the Indians have made to the white world at the same time as seeking to preserve their own heritage.

The head of the reservation is known not as the chief but as the chairman. His name is Buffalo Tiger who today gives the impression of an accomplished diplomat although he has never forgotten his world made up once of canoes, fishing and the swamp. Buffalo Tiger has actively lobbied for the rights of Indians, but he is now worried by the proposed cutbacks in President Reagan's budget which, he fears, may have a serious impact on his tribe. But during the past 20 years, he has shown a remarkable knack for negotiating the best posible deal.

The Miccosukees are unusual in that they are the last tribe to be officially recognised as such by the federal government. "Not until 1962 was the Miccosukee constitution approved by Washington," he explained. "Until then, we wanted to be left to our destiny, left alone to our own pursuits in the swamp. But the modern world caught up with us."

Indeed, the building boom forced some Indians off a number of their camp sites. At the same time the Indians themselves, the Miccosukees and Seminoles, differed on what deal to make with the U.S. Government. The Miccosukees wanted a land settlement; the Seminoles preferred a cash settlement with the Government. And while the Miccosukees in large measure continue to live in the heart of the Everglades, the Seminoles live in the urban environment of Hollywood which is up the road from Miami along the coast.

There they make a living, curiously, from bingo parlours and cigarette sales since they can sell cigarettes at a discount on their small reservation because they do not have to charge tax. It is a booming business, judging from some of the flashy cars the Seminoles drive.

But for the Miccosukee, the big problem continues to be land ownership. Among the 70,000 or so acres in the Everglades which belong to the tribe, many could contain oil or gas. Independent oil companies have already expressed interest in exploratory drilling. The question is, if drilling does eventually go ahead and oil is found, who owns the mineral rights? "We believe we will have a share in the money," Buffalo Tiger claims. And for the Miccosukees, the swamp would suddenly transform itself into a windfall.

Leisure in Florida: windsurfing near St Petersburg on the Gulf of Mexico, and the Python roller coaster at Busch Gardens, Tampa
Trevor Humphries

Fraught mood in a city with growing pains

AT THE END of Mass one recent Sunday at St Hugo's Roman Catholic Church in Coconut Grove, one of the more affluent and tropical Miami districts, the parish priest made an unusual announcement. He did not ask, as is customary these days in churches, for parishioners to dig a little more deeply into their pockets. Instead, he asked them to write to the President of the United States, to their Congressmen and to their Senator.

"Tell them that the situation is intolerable," he said. "Tell the President that his budget proposals to cut back on social aid, to slash back federal help for refugees, are unjust. They will hurt us more than most communities. They will put an impossible load on our shoulders."

The appeal reflects the current fraught mood of Miami, a city which is suffering from acute growing pains and some of the most complex social strains of any city in America. Some of Miami's problems are common to most large American urban centres. But many are peculiar to a city which has evolved perhaps faster than any other city in the U.S. and which in the process has become, to all intents, the least American of all American cities.

For years Miami has been a speculator's dream. In barely 80 years, the sand dunes and swamps of southern Florida were transformed into a big money-making machine which today is the home of 1.6m people.

The city is so recent and changing so rapidly that it has hardly had time to carve out for itself an identity. It is a Latin city, a tourist city. It is becoming an international financial and trading centre. It is also one enormous sprawl with gleaming white skyscrapers in one area, magnificent mansions in others, and some slums where people eke out a hand-to-mouth existence.

It is a most bizarre combination. Geography has turned Miami into a shopping centre for Latin America. What is more, geography has made Miami a natural refuge for all those Latins fleeing the revolutions or oppressions of their countries—be they political, economic or social or all three.

But while it has been absorbing more and more Latins, Miami also grew as one of America's leading retirement homes. It has grown, too, as a vacation paradise for the colder areas of the eastern U.S. It is now growing in yet another direction as it strives to establish itself as a leading financial and business centre.

Its population is just as curious. There is no one dominant group. The Latins, notably Cubans, account for about 38 per cent of Miami's population. About 15 per cent is black. The balance is mainly white American. But the numbers keep changing as different refugees disembark, as foreigners land to join Miami's international business boom, and as others leave.

But in this frantic and varied process of growth, something finally had to give. And when it did, it cracked with a vengeance. For two months last year, between April and May, Miami was literally burning: the city became the scene of

Miami

America's worst outbreak of racial violence since the 1960s. It came with a force and concentration which left the entire country in a state of complete shock. And it marked the climax of the social strains that had been germinating in Miami for months, indeed for years.

The blacks in the depressed ghetto of Liberty City simply could no longer tolerate their conditions. Although a series of specific incidents, largely involving the Miami police, sparked off the rioting, the roots of discontent were broader and deeper. As Miami's Latin connection has strengthened, the blacks increasingly have seen themselves pushed to one side. Their neighbourhood stood in sharp contrast to the growing affluence of the Latin quarters. Although unemployment in the city was about 6.5 per cent, black unemployment was double that. And among black youth, the figure was much higher.

Liberty City is now in the process of being rebuilt, though slowly, acrimoniously and amid the inevitable obstacles of local and general bureaucracies. The climate has calmed but the tensions are all too close to the surface.

The riots were both directly and indirectly related to Miami's most recent and by any standards biggest problem. In the last two years, Miami has had to absorb between 65,000 and 70,000 Cuban refugees and an additional 50,000 from Haiti. Thousands more have come from Nicaragua and other parts of Central America. Unlike the 200,000 or so Cubans who arrived between 1963 and 1973 and who were from a professional educated middle class, the latest Cuban arrivals have been largely single, unskilled or blue collar workers.

The first refugees integrated rapidly in Miami and soon made a major contribution to the city's economic growth; the latest Cubans have never stopped being a headache for the city.

These refugees, from Mariel in Cuba, now appear to have stopped landing on the Miami shore line. But the Haitians continue to arrive on rafts and in small boats, amid incredible hardship to end up in special refugee camps as the federal government seeks to pack them home again. Now, the federal government wants to stop giving financial aid to refugees, a move which clearly will put Miami under even greater strain.

"It is an urgent situation which unfortunately does not fall into the usual neat categories of national disasters such as damage by volcano or hurricane, which Miami is geared to cope with," said Mr Maurice Ferre, Mayor of the city. "We have had a human volcano, but is doesn't come under any specific legislation."

The city's problems have been compounded by a rising crime rate and also by the drug trade. The crime rate reflects, in a sense, social strains, the drugs are the product of Miami's geography.

As one official puts it: "There are miles and miles of coastlines, the Keys, the inlets, the swamps. How can you monitor all that? It's a natural place to bring the stuff in." The same official said: "Miami doesn't need and doesn't want the drug money. It's been really bad for our image. But you would need such a battery of resources to stop it coming in that it would not be feasible."

THE ARTS

Christopher Wood

Pre-Raphaelites and Academics

by ROY STRONG

Victorian exhibitions are always welcome because they comfort, inspire and sustain amidst the encircling gloom. And this certainly applies to the exhibition *Pre-Raphaelites and Academics* at the Christopher Wood Gallery until November 6. The catalogue is full of things described as "recently re-discovered" which makes the previous century in a way infinitely remoter than some of its predecessors. This to a degree lends excitement, for it is still far too early to set the final pattern of masterpieces when new wonders continue to appear to upset the composition of the mosaic.

The thought and stylistic trends that animated artists of the 19th century are so complex and often so much at variance with one another that an exhibition such as this inevitably must be made up of isolated separate encounters. One thing, however, does unite them and that is their astounding competence both in draughtsmanship and technique, reflective not only of talent, even if mediocre, but of the iron discipline of the art schools. All those endless hours drawing from plaster casts and from the life model gave them the vocabulary of their art.

What a contrast to our age. I recently judged a competition for *Vogue* for fashion illustration. Only one person emerged who could even draw at all. The level was abysmal, not the fault to teach them. Even worse were the entries that *that were outright tracings*, with only the slightest alterations from illustrations in earlier issues of the same magazine.

Yes, Victorian art is about standards. It is also, in one aspect, about pictures that are domestic and designed for living with. Nothing continues to amaze me more than the acres of canvas produced by today's painters that presuppose that the average purchaser lives in Valhalla. It is indeed the small pictures in the exhibition that delight in their unpretentious modest way as eminently suitable for living with. And what is wrong with that? Eyre Crowe's enchanting almost monochromatic *Going to Market* depicts a young girl, in a straw hat and shawl clutching a basket walking along a country road. Alfred Elmore delights us with a pretty girl lolling back in a chair looking at a miniature of her lover. Lady Laura Alma-Tadema opens a magic door into a raftered room with glinting brass and silver, flowers in a vase just catching a little light in the gloom of the proscenium doorway. And the sizes of these pictures are 10 in. by 16 in., 14 in. by 7 in., and 8½ in. by 5 in. Their size is no measure of the pleasure that they give.

Inevitably we make the journey to Camelot. In this instance most forcefully in surely the finest painting in the exhibition, Frederick Sandys *Queen Eleanor* (note again only 16 by 12 inches). Blazing with the intensity both of colour and detailed observation typical of the Brotherhood, it also vividly reflects the triumph of the antiquarian re-creation of the past. The cut of the dress is vaguely that of the reign of Edward III and the cloak has Celtic embroidery. Sandys clearly accepts the aesthetic dictates of his age that inaccuracy in period pictures is a crime against art.

If we are looking for that crime in action we find it in Henry Nelson O'Neil's *Before Waterloo*. He sets the scene of the sudden departure of soldiers for the battlefield from the Duchess of Richmond's ball squarely into the present. Painted in 1868, when the demands for accuracy were reaching their zenith in the decoration of the Houses of Parliament, it forms a curious anomaly. It is a brilliant, lively and tumbling scene as officers and ladies in ball gowns cascade down a staircase. And yet there is a sameness about it all which makes one realise how much more brilliantly Frith would have handled the same scene.

The exaltation of home and hearth pulsates through many a canvas and seventeenth-century Holland re-lives itself two centuries on. A girl reads a letter by her bedroom window. She looks as though she were dressed in Laura Ashley Regency. Note the date for this picture by Edmund Blair Leighton was first exhibited in the Royal Academy of 1920, when Bloomsbury was already wreaking its vengeance. As far as I know there has never been an exhibition of paintings of interiors stretching from the 19th century on through the academic tradition into this age. A second picture by Leonard Campbell Taylor suggests the potentialities. It is of a Victorian lady standing in a Lutyens Queen Anne room painted with the precision and stillness we associate with Vermeer. The date this time is 1921 and the artist died in 1969 having lived on, no doubt despised, in the Hockney era.

Perhaps there may seem little connection between this and the opening of a treasury at St. Paul's Cathedral but this too *has to do with quality, hidden* quality for it is an opportunity *to see a marvellous array of* ecclesiastical silver from the parishes of London from the late middle ages down till the present day. This forms a sparkling finale to the treasury movement. It is also a creative one. Ironwork is a craft easily forgotten and rather in the doldrums in this country where we equate it with those appalling mass-produced garden gates. Throwing sub-Tijou to the winds, however, Alan Evans has created a splendid new pair of gates at the treasury entrance. *May these inspire more* such commissions. These open onto a vista closed by a showcase with the Bishop of London's 1977 Jubilee cope designed by Beryl Dean. This cope is only for tall bishops.

One welcomes the fact that although its main emphasis is on plate the brief has been extended to embroideries and books and records. It would have been imaginative to have included at least one of the *Deanery* pictures or, even better, the wonderful series of sketches by Thornhill for the painting of the dome. Few *things are as* deadening as rows of showcases with plate. One is aware that space is tight but this has had a somewhat unfortunate result in that the showcases are far too narrow to take a double display of plate to advantage.

The Christmas Carol—Dante Gabriel Rossetti

Ashmolean Museum, Oxford

Samuel Palmer

by BRIONY LLEWELLYN

There is nothing like controversy for bringing an artist's name into the public eye. How well known was Georges de la Tour before the recent debate over the authenticity of the Metropolitan Museum of Art's *Fortune Teller* was reported throughout the Press? Some years ago, Samuel Palmer became virtually a household name, not as a result of his own remarkable work, but of Tom Keating's "Sexton Blakes."

The centenary of Palmer's death in 1881 would have been a marvellous opportunity for a comprehensive exhibition to show his extraordinary genius in its proper perspective, rather than as the victim of a faker. Sadly this has been missed, and only small-scale celebrations in Shoreham last May and the Ashmolean's modest display of *their own holdings have marked* the death of one of Britain's most original Romantic artists.

The Ashmolean's collection is impressive, much of it deriving directly from the artist's family and friends; it presents a fine cross-section of Palmer's art throughout his career with drawings, watercolours, oils, etchings and a woodcut. It is particularly rich in examples from the early "visionary" years when Palmer felt that he could "pierce the clouds and look over the doors of bliss."

Palmer had been "plucked from the pit of modern art" by John Linnell, who encouraged him to study early Northern artists such as Dürer and van *Leyden and introduced him to* the powerful influence of William Blake. By 1827 Palmer had settled in the village of Shoreham, his "valley of vision," where, seeing only the bounty and beauty of nature, he painted the wooded hills and lush meadows, the flocks of fat sheep, loaded fruit trees and ripe corn, all bathed in the eerie glimmer of moonlight or aglow in the evening sun. Always *there is an element of* otherworldliness, even in the more naturalistic *Barn in a Valley (Sepham Farm)*,

In the four small Indian ink with brush drawings (dated by the Ashmolean c 1831), the sense of mystery is increased by *shadowy figures and soaring* birds. For him "bits of nature were generally much improved by being received into the soul," and when he could no longer maintain this fine balance between his inner and outer vision, the power of his art diminished. In the mid *1830s* Shoreham was replaced by Devon, Wales and later Italy, as his source of inspiration. This diversification, his marriage to Linnell's daughter, his need for a steady income, and his autocratic father-in-law, almost turned him into a conventional Victorian watercolourist. He painted peaceful, rustic scenes, sometimes reminiscent of Gainsborough, and *dreamed nostalgically of his* youth in Shoreham. Though more elaborate and highly coloured than before, the quality of his work was still high and is often too readily dismissed. Experimenting with etching in the 1850s, he was able to rekindle the pastoral simplicity, if not the emotional intensity, of that decade from the mid 1820s to the mid 1830s when, possessed by the spirit which illuminates his vivid and haunting early *Self-Portrait*, he produced his most inspired work.

Metropolitan, New York

Die Frau ohne Schatten

by ANDREW PORTER

The Met has a distinguished production of *Die Frau ohne Schatten*, in elegant, picturesque, and spectacular scenery by Robert O'Hearn which wears its fifteen years lightly. Its revival brought a touch of class to what has so far been a somewhat dismal, undersung season. *Brigit Nilsson was the Dyer's* Wife. She seemed about five sizes bigger than anything that was happening around her, but gave a carefully studied and vastly impressive performance —except at the end of Act 2, when in the big solo she went wildly and very loudly astray. Her *personality* is pretty charmless; any thought of Lotte Lehmann, who created the role (in 1919), had to be banished. But Nilsson conscientiously enacted moments of warmth and tenderness; her impersonation was less sluttish and less self-indulgent than it had been in San Francisco.

Eva Marton took the title role. She was loud, clear, and in tune. Her words were very audible. And these were virtues. But the radiance and tenderness that Leonie Rysanek brings to the role were missing. Mignon Dunn sang the Nurse in fuller tones *than one usually hears, but*, like Miss Marton, she was insistently loud. The men—Gerd Brenneis a small Emperor untouched by any notion of legato, Franz Ferdinand Nentvig a well-intentioned but shallow-voiced Barak—were not ready for a big-league performance.

All previous Met *Fraus*, from 1966 on, had been conducted by Karl Böhm. Erich Leinsdorf conducted this one, which was dedicated to Böhm's memory. He is "*a professional*" —very clear beat, all problems deftly solved. But never a breath of romance or poetry, no magic, no richness of feeling. Despite the good things in it, the evening left one cold, and the end was excruciating.

The Met habitually pipes in offstage voices and fanfares (there are many in *Die Frau*) through what sounds like tin-can sound equipment, and Voices of the Unborn Children emerged as a strident squawk.

Across the plaza, the City Opera fielded an alternate *Puritani cast scarcely less able* than its first. June Anderson is a name to watch for—a lyric coloratura with a brilliance, fleetness, and amplitude that recalls the *young* Sutherland's. Her acting was hardly more than a single gooey smile, but she carries her tall frame confidently and well. Chris Merritt, the new Arturo, looked like Billy Bunter but sailed up to ringing, full-voiced, unstrained D's. If he can acquire some *grace, both physical and* musical, he should go far. Richard Fredricks and Justino Diaz were an able Riccardo and Giorgio.

Birgit Nilsson and Eva Marton

Twyla Tharp on Broadway

by DAVID VAUGHAN

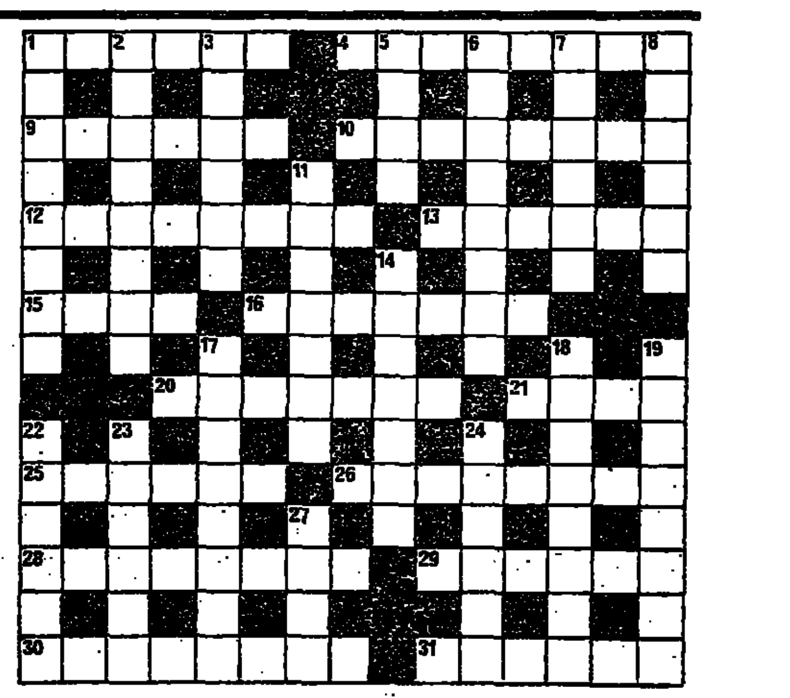
Many of Twyla Tharp's best works have been distillations of various forms of popular dance of this century—*Sue's Leg* and *Eight Jelly Rolls* from black tap and vaudeville routines, *Baker's Dozen* from ballroom dancing, *Deuce Coupe* from the pop dances of her own adolescence and young adulthood. In its original form, *Deuce Coupe*, to music by the Beach Boys, was *the first ballet Tharp created for* the Joffrey Ballet, in 1973, when it was danced by members of that company and of her own. The success of that version of *Deuce Coupe* was due to the alchemy with which Tharp transmuted the material into art, to the evident pleasure with which the Joffrey dancers, many of whom later left to join Tharp's company, responded to *the* work, and to the vivid *backdrops created on the spot* by the United Graffiti Artists.

In 1975 Tharp remade the ballet as *Deuce Coupe* II, "customised" for the Joffrey dancers alone, with new decor by the Pop artist James Rosenquist, and last year it was again retooled for her own company, with imitation graffiti backdrops by Robert Huot and others. Now, in her Broadway season, Tharp has made yet a *fourth* version, closer to the original, in which her own dancers are joined by Cynthia Gregory, Christine Sarry, and *seven other ballet dancers*, and the decor is again created by real graffiti artists. Tharp's company is as strong as ever (though one notes with sadness the retirement from the stage of Rose Marie Wright, now the rehearsal director), and the guest artists involve themselves in the piece with exemplary seriousness. Gregory is called upon to demonstrate what *Tharp calls the "matrix" of* ballet vocabulary, undisturbed by the twisting, spinning dancers who surround her, and she does so with calm composure and great good humour. Sara Rudner is still incomparably beautiful, sexy, and unattainable in her solo "Got to know the woman." But somehow the first fine careless rapture of the old *Deuce Coupe* has again proved elusive.

For at least the last three years Tharp has been occupied in trying to find a way to combine some kind of dramatic form with the characteristic texture and structure of her choreography. In her 1980 Broadway season she presented a fairly disastrous evening-length piece *called When We Were Very Young*, and now she has again attempted to lick the problem in another long work, *The Catherine Wheel*. Although we are mercifully spared the embarrassment of another text as banal and bathetic as Thomas *Babe's for the last piece*, the subject matter of this new work obsessively covers the same ground, revolving around a grotesquely caricatured family consisting of lecherous husband (Tom Rawe), slatternly wife (Jennifer Way), and two overgrown children (Katie Glasner and Raymond Kurshals), with the addition this year of a maid (Shelley Washington) and a "pet" *(Christine Uchida in a* fur jacket). Even granted Tharp's compulsion to deal in clichés, it does seem insensitive, in this day and age, to cast a black dancer as the servant.

All the same, over-simplification is not the main problem—quite the contrary, much of the symbolism is impenetrable, starting with the title. Rudner appears as "The Leader," but her dramatic function is unclear; *John Carrafa is called* "The Poet," though he seems, rather, an innocent simpleton, or fall-guy. The best thing about *The Catherine Wheel* is the hard-driving music by the New Wave composer David Byrne, of the Talking Heads. The programme prints reams of lyrics, but much of the music is instrumental—when there are words they are incomprehensible. The piece ends with a kind of *extended apotheosis called* "The Golden Section" (here again the dictionary definition proves unenlightening).

F.T. CROSSWORD PUZZLE No. 4,708



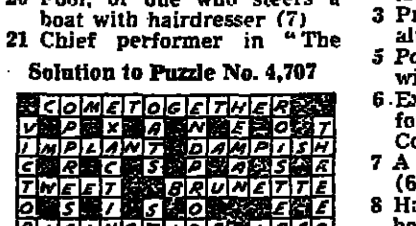
ACROSS

1 Information about ancient and bright (6)
4 A name to deceive no people (8)
9 I'm getting what goes under baby's chin *before end of* the drink (6)
10 Little monster fish (8)
12 Sailor to beat in a place where animals get their condiment (4-4)
13 Key, or pitch of a melody (6)
15 A piece of news likewise (4)
16 She owned a box containing gold in a police car (7)
20 Fool, or one who steers a boat with hairdresser (7)
21 Chief performer in "The Rodent's Return" (4)
25 Clothe in underwear (6)
26 Abolish a note that is ringed (8)
28 Drawing wine and soldiers take it (8)
29 *Puzzle contained in game* (6)
30 Pedalled, put the foot down and went in front (8)
31 Odds to peruse and distribute (6)

DOWN

1 Disputed, but wins assistance (8)
2 Young male embracing a fair lady is tagged (8)
3 Preserve me lamb that's already pickled (6)
5 *Pods which are all right* with gunners (4)
6 Expressing denial about information turned up on a Conservative (8)
7 A handy book of instructions (6)
8 Hard-headed person with a book is nodding (6)
11 *Withdraw from a competition* without handicap (7)
14 Something left over, strange people start taking initially (7)
17 Travelled around poles to be shaven (8)
18 Choke and throttle left in unusual surroundings (8)
19 Unemployed worker, good at drawing without implements (4-4)
22 Allowed to admit one politician, one not easily ousted (6)
23 Disinclined to produce a bit of poetry (6)
24 Vegetable from vessel in rubbish dump (5)
27 What the fisherman likes to get his teeth into? (4)

Solution to Puzzle No. 4,707



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Thunder on the left in France

THE CONGRESS of the French Socialist Party last weekend produced an explosion of anger with the obstructions and delays placed in the way of implementing the programme on which M Francois Mitterrand was elected to the presidency in May. It was by no means confined to the militant left wingers personified by men such as M Jean-Pierre Chevenement. Minister of Research, or M Paul Quiles, one of the secretaries of the party.

The party faithful were suspicious that the officials associated with the previous regime were not putting their backs into the programme proclaimed by M Mitterrand; they were angry with criticisms from the bourgeois Press; above all they were upset by the vicissitudes encountered by the nationalisation Bill both in the National Assembly and elsewhere.

Paribas control

Though it was bound to fail in the end, the fight against the Bill in the assembly provoked a filibuster from the opposition and caused it to reform ranks after the electoral disasters of the summer. But what caused the greatest expression of anger from the Socialists was the coup by which the Swiss affiliate of Paribas—one of the banks on the nationalisation list—came under the control of a Swiss company beyond the reach of French legislation.

That coup caused M Chevenement to conjure up memories of Robespierre and to call for heads to roll. Even the Prime Minister, M Pierre Mauroy, not a man of the militant Left, has accused the ex-chairman of Paribas, M Pierre Moussa, of having the mentality of an emigre—another allusion to the Great French Revolution of 1789 and the period of terror which followed it.

For tactical reasons the explosion at Valence served the purposes of both the Mauroy Government and those of its master, President Mitterrand. For a start, the congress was a useful opportunity for delegates to let off steam. More important, it served notice on the Right that the Socialist Party has not abandoned its socialist principles now that it is in power.

The Congress also was a signal to the Communists that the coalition with them is safe. Looked at from the other end, that means that the Socialists are not vacating electoral ground which the Communist Party might hope to re-occupy with a bid for support from Left-wing militants.

Since their admission to the Cabinet, the Communists have behaved prudently, partly in their knowledge that M Mitterrand could run the country with a one-party socialist government; partly because they have not yet overcome the shock of the mauling they received in both the presidential and the National Assembly elections.

For the Right, the message from Valence is that its fight against nationalisation has hardened rank and file support for the Government within the Socialist Party, not softened it. That message could be of some importance when the Bill reaches the Senate, where the Right has the majority. Senators of the Right will have to decide whether it is good tactics to go against the will of the National Assembly. The outcome, in any case, is assured: under the constitution, the Assembly could override any rejection of nationalisation by the Senate.

All that said, the evidence from Valence still does show that there is another current in the Socialist Party, though its supporters preferred to lie fairly low. Breaking with tradition, this group which may be called social democratic (though it dislikes the name) did not go to the Congress with a programmatic resolution defining its stand.

Its principal exponent, M Michel Rocard, a member of the Mauroy Cabinet, and once M Mitterrand's rival for the presidential candidature, did however make a speech warning delegates that radical measures could fail to solve the pressing twin problems of inflation and an adverse current external balance. Those words would gain greatly in weight if M Mitterrand's reflationary dash for growth should not succeed in the coming months.

Chosen role

Though no love is lost between M Mitterrand and M Rocard, the existence of a moderate stream within the Socialist Party suits the President's book. It enables him to play his chosen role as a unifying figure, both for the Left and for the country at large. Much of the thunder at Valence was from the Left; but there is no reason to suppose that it has pushed the Government of France into a more radical position.

India to taste the market medicine

INDIA'S WISH to borrow $5.6bn from the International Monetary Fund brings into the open a significant change in the country's external and internal economic policies that has been developing for some time.

Broadly, it is a move towards a more open trading and industrial policy, with more resort to foreign borrowing and greater, though still limited, opportunities for foreign capital. The fact that Delhi's hand was forced by fear of a foreign exchange crisis in two or three years' time does not detract from the importance of the shift.

Opposition

While accepting aid proffered from both the West and the Soviet Union, India for long made only sparing use of IMF facilities and avoided resort to the Euromarkets. But last year she borrowed about $1bn from the IMF. Since then she has raised a similar amount from the open market to finance specific projects.

It remains to be seen whether the jumbo agreement with the IMF finally goes through, though the Indian negotiators have come to terms with the Fund. The proposal has been fiercely attacked by the opposition to Mrs Indira Gandhi, the Prime Miinster.

Memories have been aroused of a borrowing in 1966 and the devaluation of the rupee which it led to. There is nothing about devaluation in what has become known of the proposed terms. But interestingly enough the rupee already has been allowed to slide.

In the negotiations with the IMF, the representatives from Delhi agreed to allow private companies to function more easily — again something that has already been happening. Stringent restrictions on the expansion of the larger private sector industrial companies have already been modified, though not abolished.

Foreign venturers also have been treated more liberally. Last year a record number of 526 joint ventures were approved, as against only 280 in 1979. Another demand from the IMF that has been partly anticipated is the reduction of subsidies by charging more realistic prices for key products. The prices of oil, fertiliser and steel, all supplied by the public sector, have already gone up, and there is more to come.

Another recent measure, though not precisely a liberal one, has been to ban strikes in a number of key areas: the railways, post office, airports, ports, banks, and the distribution and production of petroleum. That points to the determination of the Government to make more reliable the infrastructure upon which a stronger industrial performance can be based.

That sort of legislation can be a palliative only. What is required is investment and more efficient management. Indian bureaucracy, both in government and in the state-owned industries, is notoriously awkward. On top of that, India has to cope with vagaries of nature which are beyond human control.

Infrastructure, therefore, deservedly receives a high priority in the current development plan. In addition, to make industry more competitive, the import of a large range of capital goods has been liberalised. The measure goes back to the Janata Government, when Mrs Gandhi was in opposition. She has not revoked it, even though foreign exchange reserves are declining.

Local manufacture

There even is an increasing readiness to import consumer goods and the technology to make them in order to give a stimulus to local manufacture. The aim is three-fold: to increase exports, to reduce the need for imports, and to provide goods calculated to match the rural purchasing power created by the Green Revolution. Import policy is announced afresh every April, and it will be interesting to see whether next year liberalisation is kept up.

Mrs Gandhi is both a socialist and a pragmatist. If the IMF loan goes through it will provide an interesting test of whether the market philosophy of the Reagan-age Fund can help to loosen and improve the workings of the market economy without asking the borrowers to swallow their principles.

TRADE UNIONS IN BRITAIN

Tebbit's action file

By Christian Tyler, Labour Editor

THE QUESTION now exercising the minds of the Conservative hawks who cheered when Mr Norman Tebbit was made Employment Secretary this summer is whether he will live up to his reputation as a hard-liner. They are beginning to have their doubts.

So far in public Mr Tebbit has been an enigma: hard-hitting, quotable attacks on trade union behaviour have been qualified by positively Priorite reflections on the need for practical policies.

For example, at the Conservative Party conference this month he managed both to delight the party faithful and to disappoint hawkish union-watchers. "I thought Norman managed to say nothing very well, didn't you?", one Minister observed afterwards.

In the next few days, however, Mr Tebbit will be presenting concrete proposals for further trade union legislation before the E Committee, the Cabinet's economic sub-committee.

An outright ban on the closed shop seems unlikely

A brief reference to his proposals will be made in the Queen's Speech opening the new Parliament early next month; the details are unlikely to be published until later in the month, possibly in the form of a White Paper. Some-time will probably be allowed for discussion and a Bill will be drafted in the New Year.

The general assumption is that Mr Tebbit will act on those items already canvassed by Mr James Prior, his predecessor, before he left the Department of Employment to take up the Northern Ireland secretaryship.

There are two parts to Mr Prior's legacy. The first concerns the closed shop and the second—which is related—the restriction of work to union-only labour.

An outright ban on the closed shop, even by the Tebbit-Thatcher team, can probably be ruled out. Mr Prior's idea, bowing to persistent and vociferous backbench pressure, was instead to raise by a very substantial amount the compensation paid to a worker whom an industrial tribunal judges to have been unfairly dismissed for refusing to join a trade union in a closed shop. The amount could be raised from a few thousand pounds to £30,000.

At the same time, the continued operation of closed shop agreements ("union membership agreements" in the parlance) could be made subject to periodic review, either by prescribing fixed intervals or by recognising the right of workers in a closed shop to demand a ballot once they had mustered a predetermined level of support for a fresh mandate.

The point here is that the closed shop would be weakened not by direct intervention, but by increasing the financial disincentive to operate it and by extending the circumstances in which an employer (possibly a trade union, too) would be liable to pay a closed shop "victim."

At the moment, periodic reviews are merely encouraged by a non-statutory code of practice introduced alongside the 1980 Employment Act. The three members of an industrial tribunal can "take into account" whether or not the code of practice has been followed.

There is already evidence, however, that the procedures laid down in the Act for setting up a closed shop are being ignored.

Even more likely to appear in Mr Tebbit's file for the E Committee is an amendment forbidding the inclusion of union-only clauses in tenders and contracts. Almost every employer body has asked for the change. The Green Paper on trade union immunities published by Mr Prior at the beginning of this year points out that the Employment Act has already removed legal immunity from employees who "black" non-union work in order to force the people who have done the work to join a trade union.

But the usual purpose of such blacking, the Green Paper observes, is not to compel recruitment specifically, but to stop work going to non-union members. It is being argued, by building and civil engineering contractors in particular, that the best remedy is to make null and void any contract that stipulates that subcontracted work must be performed by union labour.

But how much more will Mr Tebbit do? Already organisations such as the Institute of Directors can be heard muttering that Mr Tebbit was not appointed just in order to talk. They are looking for some cardinal reform that would change the balance of power between employer and union at a stroke.

Norman Tebbit: still an enigma

Among the choices for further legislation are reforms that would narrow the immunity enjoyed by employees when taking industrial action, and reforms that tackle trade union power by other means. On the immunity front, Mr Tebbit could strike deep into the system established for nearly 100 years by making trade union funds vulnerable. In other words, employers might be empowered to seek substantial damages from unions, rather than merely, as at present, take individuals to court.

Such a move would raise the legally difficult question of the liability of unions for the actions of their officials or their members. In theory, it could be used to bankrupt a trade union that declared an official strike in circumstances where it was not protected by the immunity; the unions might therefore think twice before sanctioning such a strike.

Another popular candidate—though of lesser import—is the definition of a trade dispute. The CBI in particular, is keen to see a narrower definition so that judges would have no difficulty in deciding when a strike is industrial—in which case it may be protected—and when it is "political"—in which case it is not.

The third prime candidate on the immunity front is to make breaches of collective agreements punishable at law. Opinion is growing in favour of this principle being applied to procedure agreements rather than wage agreements. Again, the theory is that employers and unions—who at present both flout the often ambiguously-worded procedures they have—would try harder both to construct clear ground rules for conflict and to observe the rules when conflict breaks out.

Of the non-immunity issues one stands out apart from the closed shop plans already described. This is the concept promoted by the Engineering Employers Federation that the law of employment contracts should be changed to allow companies to lay off without pay workers who are not involved in a dispute. This is primarily aimed at the increasingly popular trade union tactic of selective strike action, which allows unions to disrupt operations at little cost to themselves.

Mr Rupert Murdoch, proprietor of The Times and Sunday Times, drew attention to this question when he suspended all Sunday Times staff because of a dispute with one print chapel, the machine managers. The suspension was short-lived, but the tactic was of dubious legality. The precedent sent a shiver of alarm through Fleet Street.

Other newspaper proprietors would certainly support an amendment giving legal force to the Murdoch tactic. There could also be strong support in the Cabinet from the Civil Service Department since the civil service unions can claim to have pioneered the use of selective strikes. The banks, with their highly vulnerable computer operations, would probably agree—but are extremely reluctant to say so in public since the issue is so sensitive for them.

Mr Tebbit has waxed fierce about the shortcomings as he sees them of trade unions' internal democracy. At the same time he has said that he has no intention of wading in "with big boots and flailing fists" to correct them. He could try to reinforce the little-used state fund for reimbursing unions for the cost of holding secret ballots, but is likely to stop short of compulsion for the time being.

There are other areas in which the Employment Secretary could act, such as further defining what constitutes legitimate sympathetic action, looking again at picketing or trying to remove emergency services from the strike arena altogether.

One issue Mr Tebbit appears unlikely to consider, at least this side of a general election, is the way in which the trade union political levy is collected. He is under some pressure, however, since the Social Democratic Party (with an obvious interest in seeing political funds turned in its direction) has already declared that it wants control of the levy to pass to the individual subscriber.

Political levy change could bankrupt Labour

But changing the political levy rules—by making subscribers contract in rather than contract out, for example—would probably drive the Labour Party into bankruptcy and thus raise the whole issue of how political parties are funded. Conservative Party funds, too, depend on donations from large organisations—and company shareholders cannot even contract out.

WHAT THE LAW SAYS NOW

TRADE UNION FUNDS: Trade unions have enjoyed civil law immunity for nearly all acts, industrial or not, since the Trade Disputes Act 1906, except for a brief period under the 1971 Industrial Relations Act, repealed in 1974. They are not vicariously liable for the actions of their officials or members and cannot be sued for damages. The immunity of individual workers is much narrower and they can be sued.

SECONDARY ACTION: A new legal concept, introduced by the Employment Act, 1980. Immunity from civil suits is granted to employees of a supplier or customer of an employer in dispute if the main purpose and likely effect of their industrial action is to stop supplies to the employer in dispute. It is also given to employees in a company to which the work of the employer in dispute has been transferred.

PICKETING: Lawful if in furtherance of a trade dispute (see below), if carried out at or near the place of work by workers or their union officials and if only for the purpose of peacefully persuading others not to go to work.

TRADE DISPUTE: The definition has been little changed since 1906. It covers the activities that can be pursued without losing legal immunity. "Political" strikes, that is those not arising out of disputes over terms of employment, have never been protected.

COLLECTIVE AGREEMENTS: Britain is one of the few European countries in which such agreements are not legally enforceable. The attempt of the 1971 Act to make them so failed: employers and unions waived their right to give contracts legal status.

SECRET BALLOTS: There is no legal requirement to hold a secret ballot either for trade union elections or for industrial action. Union rules on the subject vary. The 1980 Employment Act provided State aid for postal ballots but no TUC affiliate has used it and few other unions have satisfied the criteria for claiming the money.

ESSENTIAL SERVICES: Apart from wartime, when strikes have been banned, there is no legal power to halt industrial action, even during a state of emergency. The only employees presently denied the right to go on strike are merchant seamen while at sea (mutiny), the police and the armed forces.

CLOSED SHOP: Not illegal, as in many countries. The right not to belong has been extended by the 1980 Employment Act. It is unfair to dismiss a worker from his job for not joining a union in a closed shop if he "genuinely objects on grounds of conscience or other deeply held personal conviction" and if the closed shop came into effect after August 15 1980, and has not been approved by at least 80 per cent of those covered by it in a secret ballot.

LAY-OFFS: The use of selective strikes has drawn attention to the legal position on laying off workers not directly involved. Many national agreements covering manual workers give the employer the right to lay off workers without pay if there is a dispute in which they are not directly involved in their own or a related place of work. If work is short for other reasons, some fall-back wage is usually guaranteed. It is probably illegal to lay workers off without pay if their normal, or suitable alternative, work is available, but there are conflicting interpretations.

SACKING STRIKERS: Employers who sack strike leaders are vulnerable to claims for compensation and reinstatement. It is "fair dismissal" under the Employment Protection Act 1975 to sack all strikers, but unfair to re-engage some but not others. Those discriminated against have legal redress.

POLITICAL LEVY: Every union member has the right not to pay the part of his union subscription that goes to the trade union's political fund—in practice to the Labour Party. Trade union representation at party conferences (the "block vote") is determined not by the numbers of levy-paying members in each affiliated union, but by the total sum paid by that union to the party.

Men & Matters

The East in fee

Mopping up the last few shares in Guthrie Corporation, and bidding for 20 per cent of Amalgamated Metal in the teeth of Preussag, Malaysia's Permodalan Nasional (Pernas) is taking the lead role in a Citified version of "The Empire Strikes Back."

The state-owned corporation is playing a key role in the new economic policy of Malaysia, designed to extend domestic control over companies based on Malaysian natural resources. And its chairman, Tan Ismail Ali, is a man respected by men on both ends of his acquisitive forays. "Brilliant . . . a man for whom I have a tremendous regard," says Ian Coates, joint managing director of Guthrie. "Outstanding—extremely intelligent, forceful, terrific integrity," says Rodney Leach of Trade Development Bank, acting for Permodalan in the Amalgamated Metal offer.

The Cambridge - educated Ismail Ali — the "Tan" is roughly a peerage and Order of Merit rolled into one — took the chair at Permodalan last year after 18 years as governor of the Malaysian central bank.

"He is even smaller than I am, but he is bald," was how a 5 ft 4 ins banker told a doorman to recognise Ismail Ali when he was due for a meeting. Size apart, he is renowned as a hard taskmaster, and as the man who knows more than anybody else about how the new economic policy works. His political connections could also scarcely be bettered — his brother-in-law is prime minister.

Permodalan was conceived three years ago, but has only got down to substantial business under its new chairman. Now, it is one of the world's leading commodity conglomerates. It owns 56 per cent of the new tin mining giant Malaysian Mining Corporation; 25 per cent of Sime Darby; Guthrie; and stakes in 93 companies outside plantations and mining.

Normally a taciturn man, Ismail Ali shows a rare strain of overt excitement when it comes to explaining the unit trust scheme whereby Bumiputras can buy anything between 100 and almost 50,000 Permodalan units at one ringgit per share. That scheme is open until 1990, when Ismail Ali hopes that it may prove possible to open it up to non-Bumiputras. Almost a million subscribers have put their money in, more than 80 per cent doing so over post office counters. "Which means," Ismail Ali says proudly, "that the lower income groups who ordinarily would have nothing to do with the stock market, are coming in."

Overridden

A cartoon on a notice board in Lloyds Bank headquarters features a particularly fearsome knight, lance at the ready, bearing down on a terrified horse. The knight, it seems, represents Lloyds' management and the poor beast is "Dark Horse," the bank's 62-year-old monthly magazine for staff and pensioners that is to be axed at the end of the year in favour of an enlarged newspaper.

"There are divided views on this," a Lloyds' man told me bravely, "and some staff have been letting off steam."

Although the oldest of the big clearing banks' magazines, "Dark Horse" is not the first to go. Midland spiked "Midbank Chronicle" some ten years ago and Barclays killed "Spread Eagle" last April. Only Natwest's "Bankground" carries on.

"Would you please fasten your safety belts—we're about to announce a price rise!"

Keep in Touche

Investment managers Touche Remnant must have been just a mite uncomfortable last January when money brokers R. P. Martin broke off merger negotiations with the German brokers Bierbaum and Co. Touche funds had just acquired a near 20 per cent stake in Martin and were undoubtedly looking for a successful outcome to the talks.

In the best fairytale manner, the differences were overcome, the merger was completed arlier this month and now David LeRoy Lewis, deputy chairman of Touche Remnant and recently retired senior partner of jobbers Akroyd and Smithers, has emerged as Martin's new non-executive chairman.

"I retired a bit early," LeRoy Lewis, 63, told me yesterday. "I felt I would be frustrated if I didn't have something to do."

He denies having played any conciliation role in the Martin-Bierbaum merger, but hopes to bring a fresh viewpoint to an industry where the principals "are often a bit wrapped up in themselves."

Novel theory

Critic and reviewer Eric Hiscock is reckoned to have one of the best eyes in the publishing business for a promising new book. A favourable mention in his weekly column for The Bookseller is, therefore, some of the best news for which a novelist might hope.

So when Hiscock writes this week of a book called "Bullion" that "it could be an understatement by me to say that this is likely to be the fiction sensation of 1982," you might as well start queuing at your local bookshop tomorrow. And if the book—of the "fiction based on fact" school—has indeed a fair base of fact to it, then it might be an understatement by me to say that this is likely to be the City sensation of 1982.

The book's author, the aptly-named John Goldsmith, has a "highly fictionalised" story to tell, but based, he maintains, on exclusive and unpublished factual information. Beneath the narrative veil, he exposes what he believes to be specific market manipulation which produced the gold boom of 1979/1980.

Observer

NUCLEAR WEAPONS

The plutonium hot potato

By David Fishlock, Science Editor

BRITAIN MAY shortly strike two separate deals with the U.S. Government over plutonium, the highly-prized by-product of nuclear reactor operations. It happens that Britain is rich in this precious metal, at a time when the U.S. needs many tonnes to launch two big projects, put in cold storage during the last U.S. Administration.

In commercial terms, both deals could be very valuable to Britain. But both are fraught with diplomatic problems, for they could reforge ties between military and civil nuclear activities that international statesmen have been trying to separate since the early days of the nuclear industry.

Plutonium is a metal, as idiosyncratic in its way — and certainly in the responses it provokes in people—as gold. The pure metal is very soft, but heavy and leaden when freshly cast. But it soon "rusts" and turns golden in colour. Relatively few people have ever seen pure plutonium. Its detractors speak of it in hushed tones as a radio-active horror, aptly named after the lord of the underworld.

Those who are more familiar with its many peculiarities call it "plute" and observe that Pluto was god of mineral wealth: that Mr Justice Parker in his Windscale Public Inquiry report observed that its radioactivity could be shielded by "a sheet of paper or a pair of jeans"; and that anyway it was named after the outermost planet, beyond Uranus, as befits its place in chemistry.

Plutonium is a by-product of the operation of every nuclear reactor, including the natural reactor discovered in 1972 in an open-cast uranium mine in Gabon, West Africa. This reactor is estimated to have operated for about 600,000 years and consumed about six tonnes of uranium.

The first nuclear reactors in the U.S., Britain, the USSR and France were all designed primarily to make metallic plutonium for nuclear weapons. They made it by transmuting uranium, the kind of process the alchemists sought for centuries to achieve by chemistry, in order to turn lead into gold.

Electricity was only the by-product with these early reactors, such as those of Calder Hall, the world's first nuclear station of commercial size, just celebrating 25 years of operation.

The first nuclear weapon designers required not only pure metal, alloyed only with about 1 per cent of gallium to stabilise an otherwise changeable metallurgy. They also required one specific isotope of the metal, plutonium-239.

The longer it "cooks" with neutrons in the nuclear furnace, the more it becomes poisoned by higher isotopes, particularly plutonium-240. The ideal type of reactor for weapon-grade plutonium was a basic design invented in the U.S. during World War II, then adopted by Britain, the Soviet Union and France. It converts uranium into a mixture particularly rich in plutonium-239.

These three countries all developed commercial reactors from this design of plutonium furnace. Britain today has 18 commercial Magnox reactors, the so-called "workhorses" of the electricity system. Because their primary purpose is to make cheap electricity, the uranium fuel remains in the reactor for far longer than the few weeks only required to make the purest plutonium-239.

Nevertheless, the plutonium from Magnox reactors still contains more than 75 per cent plutonium-239, which experienced weapon designers can turn into successful nuclear weapons. The Soviet Union to this day will not export this type of reactor to its Comecon partners.

For many years Britain has been creating its own plutonium mine in Cumbria. In an armoured vault behind a series of concentric fences at the heart of the Sellafield (Windscale) factory of British Nuclear Fuels (BNFL), is Britain's hoard of plutonium.

It amounts to more than 12 tonnes. Most of it is owned by the Central Electricity Generating Board, which operates 16 of Britain's 18 Magnox reactors, and which pays BNFL to store it securely. In fact, the CEGB is not too sure just how much plutonium it possesses. For the metal is slowly transmuting into another, called americium, and some of the stocks are nearly 20 years old.

Another three tonnes or so of CEGB plutonium has been leased by the CEGB to the UK Atomic Energy Authority, for an annual fee (of the order of £2m last year).

This, then, is Britain's civil stockpile of plutonium. It is being stored for the day when the electricity system will be equipped with fast reactors, fuelled with plutonium, designed to burn "depleted uranium," the waste product of present-day reactors operations. As Dr Walter Marshall, chairman of the UK AEA, points out, this "waste" uranium in Britain today represents a fuel reserve dwarfing all present estimates of North Sea oil resources.

The CEGB can cheerfully lease its plutonium because, within the totality of the fast reactor fuel cycle, remarkably little is consumed, lost or even changed.

The U.S. Department of Energy has been making inquiries about leasing some, too. It has its Government's blessing to build the first U.S. demonstration fast reactor, Clinch River in Tennessee, rather bigger than Dounreay and requiring at least five to six tonnes of plutonium to fuel the reactor and fulfil plans for an associated fuel cycle at Oak Ridge.

The Pentagon also wants all the plutonium it can get for the new generations of nuclear weapons, particularly for the big warheads of the new MX missile. Its own ageing plutonium production reactors are 30-40 years old, and it has no way of building new ones quickly. In the same reactors they must also make tritium, another essential ingredient of H-bombs. Certainly there is none to spare for big civil experiments with plutonium.

Indeed, the Pentagon—through its agent for fissile materials, namely the U.S. Department of Energy—is already eyeing Britain as a potential source of plutonium for nuclear weapons. Britain and the U.S. are the only two nuclear weapon states which collaborate in this sector.

For two decades, 1959-79, Britain provided the U.S. with plutonium for weapons in exchange for highly enriched uranium needed as fuel for Britain's nuclear submarine fleet, and tritium for nuclear weapons. It began with a potential large demand for plutonium for small tactical nuclear weapons called the Davy Crockett, later abandoned. But it turned out to be excellent business for the Royal Navy.

The plutonium bartered under this agreement came not from commercial Magnox reactors but from the eight reactors built by the Ministry of Defence, at Calder Hall and at Chapelcross in Scotland. This plutonium was not of the purest, because operation of the reactors had been optimised for electricity production. But the U.S. weapon designers by now were clever enough to cope with the poisons.

It is understood that the Anglo-U.S. barter of fissile materials ended in 1979. In the mid-1970s the Ministry of Defence commissioned the design of a plant to make tis own tritium for H-bombs at Chapelcross. It came into operation last year.

Plutonium from the military reactors at Calder Hall and Chapelcross has thus begun to accumulate again. This, too, is stored at Sellafield. But it is stored in its own vault as the military stockpile, and as metal, not as oxide powder for fuel.

For the Pentagon, British plutonium could be a very attractive option in its efforts to scrape up enough plutonium for its new warheads.

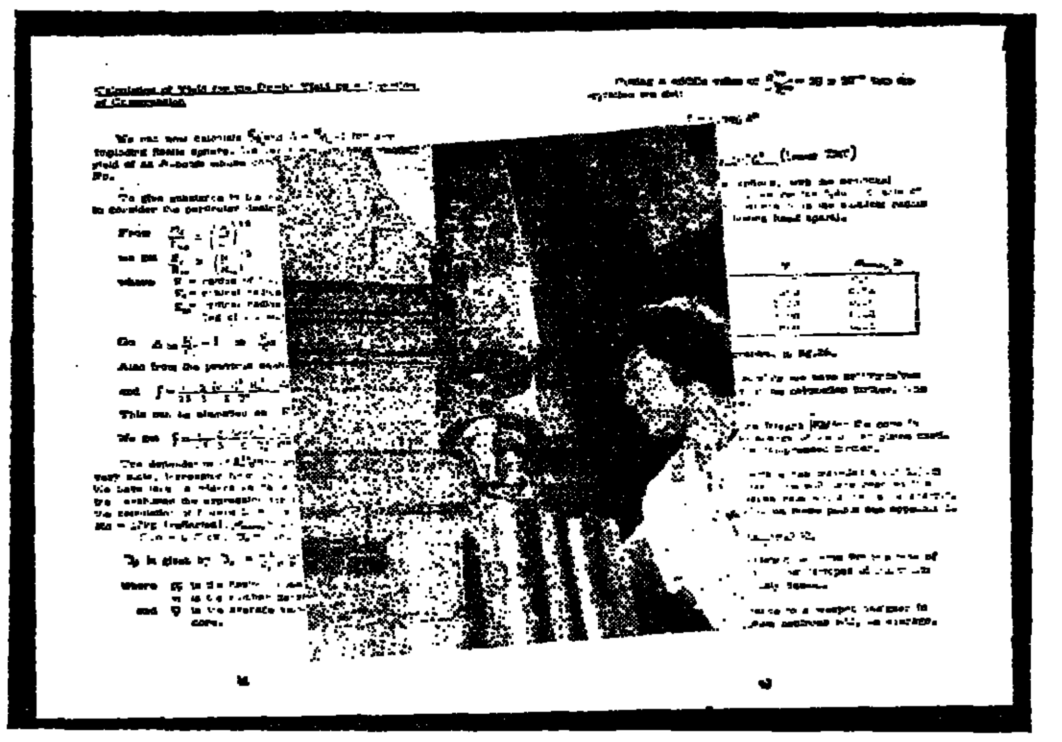
But the alternative source of plutonium which has aroused the greatest antagonism is one publicised first this summer by Mr James Edwards, Secretary for Energy, whose department is current evaluating ways of meeting the Pentagon's needs. It is to extract the plutonium from spent fuel from U.S. nuclear power stations.

No commercial reprocessing of spent power station fuel has been done in the U.S. since the mid-1970s. At the U.S. Government's nuclear reservation at Hanford alone a large plutonium mine now exists in the form of 4,000 tonnes of spent fuel from U.S. light water reactors and the Pentagon's nuclear weapon laboratories, in particular the Lawrence Livermore Laboratory in California, have now developed a laser technique for isolating pure plutonium-239 from the fuel. The U.S. Department of Energy says that this technique is sufficiently far advanced to be put into production.

For the U.S. Government this scheme has great advantages. But many observers in Europe see immense political dangers for the civil nuclear industry because such a move could unleash once again at nuclear electricity the hostility currently being directed against the new nuclear weapons.

Dr Sigvard Eklund, director-general of the IAEA in Vienna, has already sounded a stern warning about the political dangers of the U.S. scheme.

In Britain, the CEGB—preparing itself for a public inquiry at Sizewell B into plans for its first U.S.-type light water reactor—is decidedly nervous about British public reaction to the U.S. scheme. It will certainly mean a Cabinet decision, before the CEGB gets down to negotiating a price. The CEGB will probably try to shelter behind BNFL as its agency for international plutonium trading.



Operator training at Dounreay. The text is from a recently published booklet published in Britain by opponents of nuclear energy which purports to "spread an understanding of nuclear weapons technology, destroying the myths that surround it . . ."

Lombard

The politics of the 'cuts'

By Peter Riddell

"ALL THE Cabinet is really arguing about is the scale of reflation—the size of the increase in public spending. Talk about cuts is nonsense," one experienced Treasury observer commented after last week's Cabinet meeting. Since then there has been no shortage of both conventional and black propaganda about what was decided, leaving financial markets in some confusion.

The truth seems to be that the medium - term financial strategy has been battered but it has not been abandoned. The alternative reflationary strategy of Sir Ian Gilmour and his allies is not yet on the agenda.

The debate is still about how the strategy should be modified and it remains the reference point for the Cabinet's decisions. The Treasury has admittedly conceded that the special employment measures, higher debt interest and the impact of the recession will mean a higher level of spending in 1982-83 (an extra £3½bn) than planned in the expenditure White Paper last March. Whether spending is the same or slightly lower in inflation-adjusted terms than in the current financial year depends on the extent of any overspending now.

The debate is therefore about how much of the excess (a further £3½bn) above this new starting line should be eliminated. The Treasury pins its hopes on the Cabinet's agreement to further discussions aimed at arriving at totals "as near as possible" to this new base figure.

The story becomes murky at this point. While the Cabinet has agreed in principle to the attempt to hold down spending, this does not mean that ministers support the Treasury's suggested ways of achieving this aim. Indeed, by all (leaked) accounts, there is strong opposition to many of the proposals such as education charges and a cut in the real value of unemployment benefit.

Some of the ministerial critics of the present strategy hope to defeat the Treasury's attempt to contain the overall level of spending by successfully opposing its ideas in detail. Key Treasury officials privately recognise that only part of the excess is likely to be removed because of the strength of the opposition.

What happens then? Mr Leon Brittan has warned that a higher level of public spending (above the revised base line) will, by definition, mean some combination of increases in taxes and higher public borrowing and interest rates. The Treasury may have some leeway since revenue next year may be higher than expected while, because of the recession, public borrowing in 1982-83 could rise above the £9bn level implied in the strategy. There is also a £1.4bn margin in the strategy intended for tax cuts.

But the current upward pressures on interest rates are likely to limit the room for manoeuvre.

Decisions on public spending are therefore likely to be only the first half of a policy debate leading up to the spring Budget. By convention, the Cabinet only discusses expenditure in detail, not tax changes. This allowed the Treasury to reverse some of last November's defeats on spending by raising taxes in the March Budget this year. This option may no longer be open. There are signs that the Cabinet as a whole may want a say in the shaping of the spring Budget and that several ministers may resist further large tax increases.

This prospect is unlikely to reassure the financial markets where lack of confidence has already helped to push gilt yields up to 16¾ per cent. The end-November economic statement (never call it a mini-budget in Whitehall) needs to do much more than state the results of the spending decisions, which was all last year's announcement did.

Sir Geoffrey Howe should say where the medium-term financial strategy is going, his broad objective for public borrowing in 1982-83, the role (if any) for sterling M3 as a target and the influence of the exchange rate. Sir Geoffrey needs to show whether he has a coherent strategy left to defend.

Letters to the Editor

Positive response to Third World needs

From Mr P. Henderson

Sir,—The discussions in Cancun and the recent moves by the Malaysian Government, I would suggest, contain several issues and trends that require further consideration. While none would dispute the impact of the Brandt lobby many, businessmen not least, dispute the contents and conclusions of the Brandt report. In a pragmatic world the main area of disagreement would, I believe, be Brandt's almost arrogant assertion of the ability of the international institutions to utilise funds garnered from the north to efficient effect in the south. Practical experience of most industrial management would, surely, affirm that such ability is non-existent and indeed such a policy is a recipe for disaster.

The fact is that if real progress is to be made it is business, almost assuredly Big Business, that is going to accomplish it. No one, in Big Business or out of it, would disagree with the scope that exists for investment and development in the LDCs—there is, however, much disagreement about the potential profitability of such investment and the resultant ability of the investor actually to obtain and, when obtained, pass on the rewards of such investment. Whether one likes it or not the pressures inside corporations demand three particulars from the allocation of resources: security of tenure; acceptable (not excessive) returns on capital; and reasonable repatriation of dividends.

There is prejudice in many quarters about the long term security "northern" multinationals can budget for in terms of "southern" investment. Unfortunately recent developments in Malaysia serve to fuel that prejudice. In fact like all prejudices it is unreasonable; economic nationalism (the present euphemism for local participation, if not control) is just as prevalent in Australia, New Zealand and Canada as it is in Malaysia, Indonesia and India—and one might go further and say that investment returns are perceptibly higher in the latter countries than the former. For some inexplicable reason the LDCs get a worse Press.

The balance between the desire for investment by the LDC and the requirement for profit by the multinationals should not be impossible; the additional weight of a requirement for responsible and sympathetic conduct by both parties, can tip, and to the detriment of world development too often has tipped, the scale into non-participation.

The inconsistencies in the Brandt report concerning commodity picing and the contradictions that proposed action could result in, require considerable rethinking — cross border price impact could have enormous repercussions on local living standards. But that is not to say that free enterpise businesses rcannot operate satisfactorily inside particular pricing/marketing structures geared to meeting internal or local demands—the UK liquid milk industry has operated properly, profitably and efficiently inside such a structure since 1935 (only now with the EEC does it seem under stress) and 45 years is not bad security of tenure!

What does seem sad is that given the growth in economic nationalism throughout the world HMG is not prepared to take a positive position so to accommodate what are often perfectly reasonable postures taken by particular overseas governments. It would be a brave (or ignorant) man who would put his hand on his heart and say that no British company has ever acted reprehensibly in a host country—and yet the host has had the utmost difficulty in pursuing cases of flagrant abuse through the judicial systems.

Reconciliation of these aspects and a commitment by HMG to act in regulating and bringing to book such abuses as might occur, on its own account and on behalf of host countries, is perhaps overdue.

Whether HMG should establish a "Code of conduct" in respect of the activities of British companies outside our island boundaries, legally enforceable through British Courts, negotiated and agreed within the Commonwealth (if not with Asean, ACP, Lafta, etc.) is something others may like to think on. Suffice to say, with our long-term involvement in the south, our need for exports and overseas earnings and our present parlous state at home, somewhere something positive is required.

Philip Henderson.
Fishing Cottage,
Powdermill Lane, Battle,
East Sussex.

Impartial advice on insurance

From the Chairman of the Council, The Insurance Ombudsman Council

Sir,—In your report on the progress of the Insurance Ombudsman Bureau (October 21) there was an interesting example of how a positive achievement can be interpreted negatively. To quote: "The Bureau received 961 complaints in the first six months . . . but could handle only 250." and again "in most cases it could only give minimum help."

It is correct that only 250 cases out of 961 came strictly within the Ombudsman's remit and concerned member companies, but it should not be assumed that the remaining 711 were simply shelved. One of the most valuable functions of this office is proving to be the advice it gives to policyholders on handling an insurance problem which bothers them. It is impossible to present statistically the daily requests for informal advice which may often help policyholders towards a better understanding of their problem. Although the Ombudsman may not be able to take up all enquiries formally this office can and does refer enquiries to other sources of help which they have often not been aware of — whether this is BIA, BIBA, LOA, the Industrial Life Assurance Commissioner, a CAM, a Lawyer, or the company's Chief Executive. We try to ensure that all enquiries get some sort of help. Sometimes a quite simple explanation of a fact of insurance can, from this impartial source, help to settle a problem. As one example, although third party claims are outside our remit there are many occasions when policyholders can be helped by an explanation why "No Claims" is not the same thing as "No Blame." Such minimum help is not insignificant.

It is also true that there are a few important companies that have no yet decided to join the IOB. That is their privilege. But we have had three valuable new members since our opening and the Bureau may have benefited from six months in which to adjust itself to a flow of enquiries which has startled all of us by its size and steady persistence.

(Mrs) J. Macintoch, CBE.
31, Southampton Row, W.C.1.

Jobs that are only available to women

From Mr F. Daniell.

Sir,—Adjacent to the article by Brian Groom on October 22 you publish a photograph "the women's section of Hammersmith's Job Centre."

This would seem to infer that certain jobs are only available to women. Is this not discrimination under the Sex Discrimination Act 1975?

F. John Daniell.
7 Bear Lane, Henley-in-Arden,
Solihull, West Midlands.

Conditioned to accept dishonest money

From the Managing Director Beaufort Computer Services.

Sir, — The Government's recent advertising campaign to promote its index linked National Savings certificates has brought home to me how conditioned we all are to acceptance of the principle of dishonest money, or inflation as it is commonly called.

I find some of the claims in the advertisement quite staggering; for example, it is claimed that the benefit is tax free. Ignoring the so called 4 per cent bonus, in honest money terms these bonds only guarantee to return the amount invested. To boast that one is not taxed on this is absurd.

Turning to the 4 per cent bonus, after five years by my calculation this equates to an interest rate in dishonest money terms of 0.7 per cent, or a little under 0.5 per cent in real money terms, assuming a 10 per cent rate of inflation.

Admittedly it could be argued that these certificates appear to be a good investment when compared with other options; only the Government however, has real control over the value of a pound, and it seems most unfair to me for it to capitalise on its own inability via this type of advertising.

Beaufort Computer Services,
Penslade House,
Whitfield Street, Gloucester.

The ability to earn more than a crust

From Dr R. Papadopoulos.

Sir,—I know that it is absurd to suggest that managers of the calibre of Sir Michael Edwardes of BL should be measured with the same yardstick as the rest of us. But having said that, I find it difficult to comprehend that he can muster the moral authority required to persuade his workers to accept a 3.8 per cent increase so soon after he, himself, accepted an increase which brought his moderate income from £68,000 a year to just over £100,000 a year. Isn't there a limit to his genius?

Dr Raphael Papadopoulos.
Polytechnic of the South Bank,
Borough Road, SE1.

UK COMPANY NEWS

Highland Distilleries lower for year

BOOSTED BY an increase in sales by its Famous Grouse brand and a rise in the level of Excise duty on sales in the UK turnover of Highland Distilleries advanced from £64.25m to £73.03m for the year to August 31, 1981 but, as predicted by the chairman in his last statement, profits fell back.

At the pre-tax level they emerged at £5.06m, compared with £5.82m, after higher interest charges of £1.02m, against £775,000. The figure included share of profits of associates well down at £6,000 (£72,000) and same again income from investments of £638,000. Depreciation increased to £589,000 (£512,000).

Although stated earnings per share slipped by 1.3p to 7.1p a final dividend of 1.8p (same) maintains the total at 2.6p net per 20p share.

The directors say Famous Grouse made a substantially increased contribution to profits. Sales in the home market continued to increase with excellent growth in England, both in terms of sales and distribution.

Although exports of the Famous Grouse were marginally lower, compared with last year, they show an "encouraging increase" for the first nine months of 1981.

Sales of both new fillings and mature whisky were well down on the previous year reflecting the recession and destocking of customers' brands in the UK and overseas.

Profits on new fillings dropped by some 50 per cent and mature whisky profits were around 40 per cent down. The Famous Grouse brand made up just under 50 per cent of the overall total, against some 30 per cent last time.

Commenting on prospects yesterday Mr John Macphail, the chairman, said the group was currently operating at around 50 per cent capacity, compared with a figure of more than 80 per cent a year ago.

He said the decline had not necessarily stopped and warned that 1982 could again prove to be "a pretty rough year" on the distilling side.

Th chairman pointed out that one of the group's five distilleries was already operating short-time working and unless conditions improved it was likely that the directors would look again at this and possibly one of the group's other distilleries in the New Year.

Mr Macphail said: "We shall have to wait and see what filling orders we get. The position should become clearer by the end of this year."

Tax for the year under review took £684,000 (same) — for 1979-80 there were also extraordinary debits of £345,000—and fixed asset expenditure was down from £1.64m to £771,000. On a CCA basis the pre-tax surplus is reduced to £2.48m (£3.09m).

At the mid-year stage historical taxable profits were £2.46m (£3.03m).

See Lex

HIGHLIGHTS

Lex surveys the market's continuing interest rate jitters before turning to the Japanese bond markets and the plea by the securities industry to staunch the projected flow of Government debt next month. The column also examines the annual results from Higland Industries and the difficulties of the plan, co-ordinated by **Lazards**, to trim UK steel castings capacity on an agreed company-by-company basis. Elsewhere, brokers **Savory Milln** are placing shares in **Holland Search NV** and **Smith Keen Cutler** are placing shares in **Humberside Electronics Controls** which is to make its debut on the USM. **Matthew Hall**, the contracting engineer, has finally found the right U.S. acquisition and has agreed to pay $19.5m for **Barnard and Burk**, a subsidiary of **General Tire and Rubber.**

Holland Sea places 20,000 shares

A PLACING of 20,000 shares in **Holland Sea Search NV** has been arranged by the stockbrokers Savory Milln. The shares were taken up by a small number of institutional investors at a price of Fl 35.75 (£7.77).

HSS shares are quoted "over the counter" in Amsterdam and dealings in London are permitted under Rule 163(1)(g). HSS is capitalised at approximately £12.6m.

HSS has interests in eight blocks of the Dutch Continental Shelf. Accumulations of natural gas have been discovered on three of them, the most important being P6 field, where official proven recoverable reserves amount to 335bn cu ft. It is expected that development costs of approximately £6m will be financed by loans secured against future gas sales.

Total net assets are equivalent to £16.24 per share, including estimated reserves of recoverable gas valued at £15.25 per share.

● comment

HSS is said to be the only vehicle for direct investment in exploration on the Dutch area of the North Sea. The present placing has permitted UK investors to get in at a discount of about 37½ per cent to the proven reserves in P6 alone. Net income is forecast to eliminate the accumulated deficit in 1986, when dividend payments will be contemplated. Meanwhile, exploration expenditure is to be funded by existing cash balances. An attractive aspect—at present—is that there are no downstream activities to divert the prospective cash flow. When this becomes actual, it is envisaged that HSS may seek a quotation on the USM, creating a wider market in the shares. For the present, a 52 per cent discount to stated net assets per share seems appropriate enough. Upgrading of the reserves, like future discoveries, should be regarded as having been adequately discounted in the placing price.

Matthew Hall pays $19.5m for General Tire offshoot

Matthew Hall, the oil and chemical engineering contractor, has agreed to pay $19.5m for Barnard and Burk which is owned by Aerojet-General Corporation, a wholly-owned subsidiary of General Tire and Rubber.

Based at Baton Rouge, Louisiana, Barnard and Burk is engaged throughout the U.S. in the provision of engineering design, procurement and construction, and project management services. It is one of the leading U.S. process plant maintenance companies and a pipeline fabrication completes its activities in the oil gas and chemical process industries.

Net tangible assets to be acquired by Matthew Hall amounted to $12.1m at May 30.

In the last full financial year to November 29 1980, B and B made taxable profits of $1.17m on turnover of $71.9m. In the following six months, turnover reached $38m and pre-tax profits amounted to $1.57m. For the financial year which ends next month, the vendor is warranting pre-tax profits of $3.8m, or $2m at the attributable level.

B and B was acquired by General Tire in a package of other businesses in 1969, and has been headed by Mr James Nugent as president and chief executive since 1974.

Its track record over the past few years has been patchy. Pre-tax profits climbed from $3m to $5.2m between 1976 and 1978, but subsequently slipped to $500,000 in 1979 and made only a part recovery last year.

The deal gives Matthew Hall its first major acquisition outside the UK. Its domestic operations last year accounted for all but £30m of its £254m turnover. B and B adds a further $80m from overseas operations which Matthew Hall believes can quickly be lifted to some $100m.

Matthew Hall's net cash balances currently stand at about £27m of which £10.33m, as in the last balance sheet, relates to pre-payments and advances from customers. It is, however, intending to satisfy part of the consideration by borrowing $6m on a term basis at a floating rate to provide some hedge against the exchange risk.

More Bids and Deals Pages 25 & 26

Humberside Electronic coming to Unlisted Securities Market

Humberside Electronic Controls is coming to the Unlisted Securities Market by way of a placing of 1.5m ordinary 10p shares at 10½p per share by Birmingham brokers, Smith Keen Cutler.

The company has been formed by reversing H and M Machinery, which specialises in rebuilding and modernising machine tools, into a Sri Lankan plantations "shell" known until yesterday as Sumtravalle Estates.

A proportion of the shares being placed will be made available to the market and over 10 per cent of the enlarged capital will be in public hands to comply with the requirements of the Stock Exchange.

Profits from H & M in the year to May 31 1981 totalled £65,000 before tax but after the cost of factory relocation which is estimated to have cost £13,000. The group is now warranting profits of at least £225,000 before tax. Turnover is expected to reach about £1m.

The valuation of the new factory is said to be considerably in excess of cost and the uplift is reflected in a rise in net assets from £28,000 to £373,000 over the five years ended May 31.

Dividend payments, the board says, will be commenced as soon as practicable, but no distribution is expected in the current financial year in view of the need to eliminate the deficiency on general reserve which, following the reverse takeover of Sumtravalle, now stands at £71,000.

A pro forma balance sheet based on the audited balance sheet of H & M at May 31, the proceeds of the placing and adjusted for the estimated £50,000 of expenses related to the acquisition and placing show issued share capital of £1.29m. Net worth is £1.22m, allowing for the deficiency on reserve, before goodwill of £726,000. Secured bank overdrafts total £331,000, cash is shown at £173,000 and a £200,000 loan has been raised from the European Investment Bank.

The company has been built by Mr Peter McMaster, the chairman, since 1975. He will retain 75.7 per cent of the enlarged equity. "Key Man" Insurance cover has been affected against his death or disability for a period of five years in the sum of £500,000 for the benefit of the company.

Dealings are expected to start on November 2.

● comment

Success in the UK machine tools sector is becoming as hard to find as a suitable planation shell. **Humberside, however,** is making some lofty projections for the current year which stem largely from a major rise in capacity. Its warranted margins are going to look extremely healthy and its sales for each of the 31 employees must be the envy of almost all machine tool manufacturers. It has clearly found a very comfortable servicing niche and is currently turning over some £100,000 each month and expects to book at least £1.5m of firm orders within the next six months. It says something, perhaps, for the flexibility of the USM that this issue can be floated without a dividend forecast and without much marketability. There is a big slug of goodwill in the balance sheet, too, but this is the premium which an expanding "people" business must expect to command.

W. Bromwich Spring Co. midway dive

Pre-tax profits were much reduced for the West Bromwich Spring Company for the half year to June 30, 1981, falling £184,750 to £35,250.

There is again no interim dividend—the last payment was a final of 1.01p net for 1979. Stated earnings per 10p share were nil (1.55p).

Turnover declined to £1.81m compared with £2.18m previously. Tax was down to £16,000 (£114,000).

Anvil Petroleum incurs £49,000 net deficit for year as reserves decrease

ALTHOUGH pretax profits of Anvil Petroleum rose from £22,000 to £114,000 for the year ended June 30, 1981, a provision for UK tax on interest received on parent company loans to the U.S. subsidiary meant the group made an after-tax loss of £49,000, against a £3,000 profit previously.

The group, formerly known as Attock Petroleum, is involved in oil and gas exploration and production. Sales of oil and gas for the year increased from £471,000 to £499,000, while the higher taxable profits were after making provision for the costs of dry holes in the first two months of the current year.

Stated deficit per 20p share was 1.3p, compared with earnings of 0.1p, and in view of the results no dividend is again being recommended — the last payment was 4.2p net for the year ended December 31, 1976.

At the end of the year, estimated natural gas reserves were down from 1.88bn cubic feet to 1.09bn cubic feet, while crude oil reserves totalled 193,225 (214,995) barrels.

Independently appraised natural gas reserves have been reduced by a poor initial performance of a new field, but a new offshore well in the Gulf of Mexico is likely to replace a significant proportion of lost reserves.

Mr Anthony de Boer, the chairman, comments that in the U.S., shortages of rigs and equipment held back activety in the early part of the year, but since the year-end there has been increased activity and the group has participated in four further discoveries.

He therefore expects that the increase in turnover hoped for in the year to June 30, 1981 will be achieved in the current year.

Referring to the interest arising on loans made by the parent company to Anvil Petroleum Corporation in the U.S., Mr de Boer says that the offshoot has substantial allowances carried forward which will be available to offset the expected profits from oil and gas production in the current and future years.

	1980-81 £000	1979-80 £000
Oil and gas sales	499	471
Production costs	61	52
Depletion, deprec.	247	271
Net income*	191	148
Explor. expend written off	200	170
Interest and income receivable	341	304
Profit on investments realisation	1	127
Expenses	318	244
Share of assocs profit	99	11
Profit before tax	114	22
Taxation—group	111	24
—associates	52	‡5
Net loss	49	§3
Extraord credits	—	346
Leaving	49	§349

* From producing operations † Loss ‡ Credit. §Profits.

At June 30 1981 capital commitments totalled £2.22m (£0.81m) of which £1.72m (£0.55m) had been authorised but not contracted for.

No current cost accounts have been prepared and the directors believe that the presentation of these accounts would not materially assist shareholders in assessing the value and progress of the group.

A special resolution is to be proposed at the annual meeting in order to give the board discretion under Sections 14 and 17 of the Companies Act, 1980, to allot unissued share capital.

The first part of the resolution permits the board to allot unissued shares as provided for by the articles of association without seeking shareholders' specific consent to each allotment. The second part permits the board to allot for a cash consideration, without first having to offer them to existing shareholders on the same terms, up to 327,500 shares. Of these, 77,500 will be reserved to cover options already granted under the Employee Share Option Scheme, the balance being 5 per cent of the authorised share capital.

Meeting, The Institute of Directors, SW, November 30, at noon.

● comment

Descending from a peak of 387p —reached when oils were at their most fashionable last year —Anvil Petroleum has recently languished at the bottom of this under-performing sector; yesterday the shares closed at 127p, an improvement of 2p on their low point for 1981 so far. It is undeniable that Anvil has had a less than satisfactory year in terms of asset-growth. In particular, a promising gas field in Crockett County failed to produce at anything like the estimated flow, and has had to be heavily downgraded. At the same time, drilling projects planned for the second half of 1980-81 were deferred—by shortage of rigs—until early in the current year. Any resulting increment to reserves thus eluded the June 30 balance sheet, and the total fell by almost a quarter in dollar terms. Since Anvil is so squarely in the exploration sector, the profit and loss account is of interest only in showing that revenue remains adequate to finance continued exploration on Anvil's accustomed modest scale.

35 companies wound-up

COMPULSORY winding-up order against 35 companies were made by Mr Justice Vinelott in the High Court. They were:

Britannia Toy Company, Song Music, Carperhurst, Plant and Engineering (Longford), R. S. Forwarding, Billson and Grant, Napknoll.

R. W. Fryer, J. A. Sanctuary, Colville Ceramics, Emaychell (Caterers), Benstock Foods and Commodities, L. P. H. Garage and Engineering, Brosbury.

E. Hughes and Sons, Revelement International, Swifthurst, Drummonds Restaurant, Watkin Construction, Sandgrange, Odyssey Textiles.

Bournville Steels, Stephen Diamond Enterprises, Gun Blanks, J. and J. Enright (Access Equipment), Impact Litho (Woking), Kohine, C. S. S. (Business Equipment).

Maison Grandvins De Londres et Bruxelles, Tadcaster Produce Company, California Marketing Services, Fengreen, Cablerite, Lincoln-Baker Company, E. P. F. Engineering.

JAMES NEILL

The interim results of James Neill are due to be announced on Friday and not today as stated in Saturday's results due next week column.

LANCASHIRE AND LONDON INVESTMENT TRUST—Net asset value of the ordinary share on September 30 was 94.9p.

SCOTTISH CITIES INVESTMENT TRUST—Net asset value of ordinary and "A" ordinary stock units on September 30 was 354.4p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bishopsgate Trust int.	1.2	Dec 11	*1.17	—	*3.33
Feb Intnl. int.	0.75	Dec 14	*0.67	—	*2
Glen Fund int.	1.15	Dec 15	1	—	2.65
Highland Distilleries	1.8	—	1.8	2.6	2.6
Laughton and Sons int.	6	—	—	—	11
St. George's L'ndry int.	1	Dec 30	0.85	—	3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

SPAIN

October 23	%	+ or −
Banco Bilbao	341	−4
Banco Central	328	−6
Banco Exterior	305	
Banco Hispano	309	−3
Banco Ind. Cat.	117	
Banco Santander	394	
Banco Urquijo	223	−3
Banco Vizcaya	362	−5
Banco Zaragoza	228	−2
Dragados	157	−3
Espanola Zinc	72	
Fecsa	69.5	+0.8
Gal. Preciados	45	−2
Hidrola	76.2	
Iberduero	58	−0.2
Petroleos	101	−3
Petroliber	82	
Sogefisa	51	
Telefonica	79	
Union Elect.	74	−0.5

BASE LENDING RATES

A.B.N. Bank	15½%	■ Guinness Mahon	15½%
Allied Irish Bank	15½%	■ Hambros Bank	15½%
American Express Bk.	15½%	Heritable & Gen. Trust	15½%
Amro Bank	15½%	■ Hill Samuel	§15½%
Henry Ansbacher	15½%	C. Hoare & Co.	†15½%
■ Arbuthnot Latham	15½%	Hongkong & Shanghai	15½%
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½%
Banco de Bilbao	15½%	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	15½%
Bank of Cyprus	15½%	Mallinhall Limited	15½%
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	15½%
Banque du Rhone et de la Tamise S.A.	16 %	■ Samuel Montagu	15½%
Barclays Bank	15½%	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	16½%	National Westminster	15½%
Bremar Holdings Ltd.	16½%	Norwich General Trust	15½%
Bristol & West Invest.	17 %	P. S. Refson & Co.	15½%
Brit. Bank of Mid. East	15½%	Roxburghe G'tee Cpn.	16 %
■ Brown Shipley	16 %	E. S. Schwab	16 %
Canada Perm't Trust	16 %	Slavenburg's Bank	15½%
Cayzer Ltd.	16 %	Standard Chartered	‖15½%
Cedar Holdings	16 %	Trade Dev. Bank	15½%
■ Charterhouse Japhet	16 %	Trustee Savings Bank	15 %
Choulartons	16 %	TCB Ltd.	15½%
Citibank Savings	¶15 %	United Bank of Kuwait	15½%
Clydesdale Bank	15½%	Whiteaway Laidlaw	16 %
C. E. Coates	16 %	Williams & Glyn's	15½%
Consolidated Credits	16 %	Wintrust Secs. Ltd.	15½%
Co-operative Bank	*15½%	Yorkshire Bank	15½%
Corinthian Secs.	15½%		
The Cyprus Popular Bk.	15½%		
Duncan Lawrie	15½%		
Eagil Trust	15½%		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	15½%		
Grindlays Bank	‡15½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month 14.25%. Short term £8,000/12 months 16.60%.
† 7-day deposits on sums of £10,000 and under 13½%, up to £50,000 14%, and over £50,000 14½%.
‡ Call deposits £1,000 and over 13½%.
§ Demand deposits 14%.
¶ 21-day deposits over £1,000 15%.
‖ Mortgage base rate.

هكذا من الأصل

Inco plans to develop major new nickel mine

BY GEORGE MILLING-STANLEY

THE WORLD'S largest nickel producer, Canada's Inco, is to go ahead with the first phase of the development of a major new mine at Thompson, Manitoba.

The mine, an open pit, is intended to replace current operations at the Pipe open pit in the same area. Minable ore at Pipe will be depleted by 1984, the year in which the first phase of the Thompson open pit is due to come on stream.

The initial stage of development, costing U.S.$72m (£40m), will allow Inco to mine the northern portion of the orebody to a depth of 400 feet.

The second phase, covering the southern part of the deposit, is expected to start in 1988 and come into production in 1991. It will cost an estimated U.S.$64m.

Inco said the new mine was necessary in order to avoid cutbacks in production when Pipe runs out of ore. "We intend to stay in the nickel business, and in order to do that we must spend the money now," a representative said.

The company intends to transfer skilled employees from Pipe to the new operation, which is planned as a 17-year project.

In its first phase, the Thompson open pit will provide about 25 per cent of the division's total capacity, or some 30m pounds of nickel a year. This will rise to one-third of total capacity, or about 40m lb a year, as phase two comes on stream.

The news, coming at a time of depressed world prices for nickel, is an indicator of Inco's optimism about the long-term future of the nickel market.

Further evidence of Inco's confidence was provided last week when the company announced a net loss of US$29.4m, its first quarterly loss for almost 50 years. Nevertheless, Inco is still paying a dividend in respect of the period, albeit at the sharply reduced rate of 5 cents a share compared with the usual 18 cents.

The directors said the payment of a dividend was indicative of their "confidence in the future of the company's businesses and their longer term return to satisfactory levels of profitability."

Inco's Manitoba division, in which the new mine is located, is currently the subject of a strike which has already lasted for two months. This should give the company an opportunity to reduce its stocks of finished nickel, which rose during the September quarter to 160m lbs.

Cominco net profits tumble by 45% in the third quarter

THE STORY of lower earnings from the international mining groups continues with the latest results from Canada's Cominco, the 54 per cent-owned metals and chemicals arm of the Canadian Pacific group, reports John Soganich from Toronto.

Net profits for the third quarter of this year are 45 per cent down at C$16.1m (£7.2m) on sales of C$322.8m, compared with year-ago figures of C$29.3m and C$341.7m, respectively.

Cominco's net profits for the first nine months of this year have dropped 57 per cent to C$53.6m (£24.2m), equal to C$2.60 per common share, from C$123.9m in the same period of last year.

The change in the company's fortunes is underlined by the fact that the latest nine-month total is less than the profit earned for the first quarter of last year.

Cominco is the world's largest mine producer of lead and with the coming on stream next year of its Polaris zinc mine, it will also be the largest in zinc. It is also moving toward an important position in copper.

The major decline in pre-tax earnings this year has been in mining and integrated metals. Although mining activities remained profitable, the Trail metallurgical operations were unprofitable.

For the nine months, lower lead and silver prices together with lower sales volumes of silver and gold coupled with higher operating costs were the principal causes for the drop in the earnings of this segment.

The near-term outlook for Cominco's products is mixed. Demand for zinc has softened and prices have dropped in some markets, but zinc concentrates remain in tight supply. Lead demand has softened and prices dropped sharply during the third quarter, while lead concentrates remain in over-supply.

Gold, silver and copper prices are still low. Fertiliser prices in Canada are at reasonable levels but in the U.S. there is some price weakness and accumulation of stocks.

On a more optimistic note, Cominco has completed a successful exploration season. In Canada, the exploration programme of Pine Point Mines has found sufficient ore to replace that mined during the year. This includes a new orebody containing about 1m tons of 20 per cent combined zinc and lead. Additional mineralisation has also been encountered at the Bathurst Norsemines property but its remoteness continues to be an impediment to development.

In Alaska, Cominco American is investigating a zinc, lead, silver deposit near Kotzebue. Cominco American and Nana Regional Corporation, a native corporation, have been working together to delineate the mineralisation and resolve the ownership to the satisfaction of both parties.

In east-central California, a deposit has been acquired with reserves of 42m tons of soda ash equivalent. Near a well-established mining district in north-western Mexico, drilling has encountered some interesting copper mineralisation. In South Africa, the small alluvial deposit in which Cominco has a 50 per cent interest has encountered some high diamond content material.

Gold Fields has 14.9% of Newmont

LONDON'S Consolidated Gold Fields group has now further raised its stake in the U.S. Newmont Mining natural resource group from a previously announced 11.4 per cent to 14.9 per cent.

As already reported, Gold Fields has also reached an agreement with Newmont whereby the latter is to sell the London company 1m of its shares for $27m.

CSR raises estimate of coal reserves

AUSTRALIA'S diversified industrial and mining group CSR yesterday lifted its estimate of coal reserves at areas in the Surat Basin in which it has interests ranging between 40 and 50 per cent.

The group's quarterly report put measured and indicated reserves in the areas at 1.4bn tonnes, up from previous estimates of 1.2bn tonnes. The new figure is based on a further 249 holes drilled during the September quarter at the deposit, in Queensland.

CSR's report also said that for the first time, a diamond drill hole on its Mount Pleasant molybdenum prospect near Mudgee in New South Wales had failed to intersect more than 0.05 per cent molbde molybdenum sulphide. The group said that this "presumably indicates the eastern limit of the mineralisation."

Previous drilling indicates that the deposit extends for at least 3 kilometres in an east-west direction, and nearly 2 km running north-south.

The prospect, for which CSR has so far provided no calculation of possible reserves, also contains tungsten.

Drilling during the quarter showed grades between 0.05 and 0.06 per cent molybdenum sulphide, against earlier results of up to 0.25 per cent.

Turning to oil shale, CSR said that a 9.5 tonne bulk sample had been taken from its 100 per cent-owned Julia Creek prospect in Queensland for retort testing, but the Amberley prospect, also in Queensland, has been surrendered after drilling encountered no oil shale.

Two views of gold shares

ACCORDING TO investment analysts in Johannesburg, net profits for the South African gold mines are set to show an improvement in the current quarter owing to an expected stabilisation of the international bullion price.

It is also thought that mine cost increases are unlikely to be as high as in the September quarter when they were inflated by a 17 per cent rise in black labour wages. Even so, the analysts concede that South African inflation will weigh upon the mines in the current quarter.

These views, however, cut little ice in a depressed share market yesterday. While the gold price lost a further $5 to $425.50 per ounce, sizeable selling of shares developed on an international scale and the resultant fall in prices lowered the FT gold mines index 18.7 to 356.3.

THE CIC GROUP

66, rue de la Victoire. PARIS - FRANCE.

Crédit Industriel et Commercial
and consolidated subsidiaries and affiliates

I. CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1980

ASSETS	(in thousands of dollars)
Cash, Balances with Central Banks, Government Depositories	930,780
Banks and Financial Instutions	4,561,977
Treasury and other bills purchased firm or under agreement to resell	3,643,103
Loans, Discounts and Overdrafts	14,286,153
Accrued interest and other Assets	4,308,122
Marketable securities at cost	143,904
Investments in non-consolidated companies	100,518
Equity in Net Assets of Companies consolidated under the equity method	29,535
Property and equipment (less accumulated depreciation)	391,173
	28,395,270
LIABILITIES AND STOCKHOLDERS' EQUITY	
Central Banks, Government Depositories, Banks and Financial Institutions	4,233,056
Securities and Bills sold firm or under Repurchase Agreement	2,425,407
Deposits by Customers	17,361,185
Accrued Charges and other liabilities	2,752,068
Long Term Debt	380,073
Allowance for Loan and other Losses	490,601
Goodwill, net	6,664
Non Group interest	364,158
	28,013,412
Capital Stock	99,564
Reserves and revaluation surplus	233,288
Consolidated Net Income	49,307
	382,159
Less: Treasury Stock at Cost	(301)
Stockholders' Equity	381,856
	28,395,270

II. CONSOLIDATED STATEMENT OF INCOME AS OF DECEMBER 31, 1980

CURRENT OPERATIONS	(in thousands of dollars)
Banking Revenue	3,101,536
Banking Expenses	(1,749,777)
Net Revenue from Banking Operations	1,351,759
Interest and Dividends from Securities	19,618
Other Income	7,288
	1,378,665
Salaries, Wages and Employee Benefits	(689 496)
Interest on Long-Term Debt	(36,164)
Depreciation, Provisions and other Operating Expenses	(467,203)
Adjustment for currency changes	1,704
	(1,191,159)
Income from Current Operations	187,506
Income Taxes	(64,025)
Equity in Net Income of Companies accounted for on an Equity Basis	3,420
Non-Group interest in Consolidated Net income	(56,563)
Net Income before Security Transactions	50,338
SECURITY AND RELATED TRANSACTIONS	
Loss on Sale of Assets	(7,577)
Provision for impairment of Securities	1,318
Loss of interest	74
Income Taxes	3,935
Non Group Interest	1,219
Net Loss from Security and Related Transactions	(1,031)
CONSOLIDATED NET INCOME	49,307

CRÉDIT INDUSTRIEL ET COMMERCIAL
LONDON BRANCH
74 London wall, London EC 2M 5NE

CIC 497

LILLEY GROUP — Profits up by 28% at half-year and dividend increased.

DIVIDENDS An interim dividend of 1.98p net per share is declared compared with 1.8p net per share paid last year, an increase of 10 per cent, and equivalent, with the associated tax credit, to 2.82857p per share. It is intended to recommend payment of a similar increase in the final dividend.

RESULTS AND PROSPECTS Pre-tax profits have increased by 28.7 per cent and turnover is up 16.4 per cent.

While it continues to be difficult to make long term predictions in the present economic climate, the directors are of the opinion that having regard to the Group's order book and its spread of interests, progress already achieved should be maintained in the second half of the current financial year.

RESULTS IN BRIEF
(Unaudited)

	Half year to 31.7.81 £'000	Half year to 31.7.80 £'000	Year ended 31.1.81 £'000
Turnover	55,132	47,354	101,497
Profit before taxation	3,554	2,760	6,111
Profit attributable to shareholders	2,018	1,635	9,047
Earnings per share	8.69p	8.45p	23.77p

Note: The comparative figures for earnings per share have been adjusted to take account of the rights issue in October 1980, and exclude the exceptional tax credit.

F. J. C. LILLEY LIMITED
CIVIL ENGINEERING AND BUILDING CONTRACTORS
331 Charles Street, Glasgow G21 2QX

UNITED BRITISH SECURITIES TRUST PLC

Manager—Robert Fleming Investment Management Limited
Secretary—Robert Fleming Services Limited

Three year summary of results:

Year ended 30th June	Gross revenue £'000	Ordinary Shares Earned per share	Ordinary Shares Paid per share	Gross Assets (less current liabilities) £'000	Net Asset Value per Equity share
1979	3,839	5.10p	5.10p	76,160	169.9p
1980	5,382	7.58p*	7.55p*	81,960	183.0p
1981	4,817	6.61p	7.00p	107,208	240.0p

* The earnings and dividend for 1980 include 1.00p in respect of special income received. In his statement, The Hon. David Montagu said: "Your Board believes that over the short to medium term a reduction in investment in the United Kingdom in favour of other international markets should be continued as the general policy of the Company and I hope to be able to report in my next Chairman's Statement that we have continued to move in that direction. For all the obvious reasons this means that over the shorter term dividend income will be more likely to fall than rise. However, with the strong revenue reserve position of this Company, your Board anticipate that the level of dividend will be maintained whilst we hope to achieve an above average appreciation of capital growth."

Copies of the Accounts are available from the Registrars
Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Feb Intl. rises to £0.43m midterm and pays more

FIRST-HALF 1981 sales of **Feb International**, the chemical manufacturer and retail distributor of building materials, rose by £1m to £8m and pre-tax profits were ahead from £354,000 to £429,000.

Mr Gordon Fisher, the chairman and managing director, says that providing the present trends continue at home and overseas, the board looks forward to another satisfactory year.

At the annual meeting in May, the chairman said that the trading position in the opening months of 1981 had been satisfactory. All divisions were running profitably both at home and overseas and the group was continuing to explore opportunities to expand its activities internationally.

The net interim dividend is effectively being increased by 12.5 per cent from 0.667p to 0.75p per 10p share—last year's total was 2p, adjusted for the one-for-two scrip issue.

The first half pre-tax profits were struck after depreciation of £142,000 (£102,000), interest of £81,000 (£119,000) and pension fund contributions of £67,000 (£78,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Canadian and Foreign Investment Trust, Central and Sheerwood, Dualvest, English and International Trust, English National Investment, Harrisons and Crosfield, Lake View Investment Trust, James Neill, Walter Runciman.

Finals—Border and Southern Stockholders Trust, British Car Auction, Brooke Bond Liebig, North Atlantic Securities Corporation.

FUTURE DATES

Interims—	
BPB Industries	Nov 24
De La Rue	Nov. 10
Folkes (John) Hefo	Nov 10
Graig Shipping	Nov. 2
Hammerson Prop. and Inv Tst.	Nov. 5
Headlam Sims and Coggins	Oct. 29
Jerome (S.)	Oct. 30
Land Securities Invest. Tst.	Nov. 16
Warrington (Thomas)	Nov. 11
Yorklyde	Oct. 29
Finals—	
Border and Southern Stockholders Tst.	Oct. 27
Higsons Brewery	Nov. 17
LWT	Nov. 12
North British Properties	Nov. 4
Pleasurama	Jan. 5
Smith Industries	Nov. 10
Yarrow	Nov. 2

First-half advance from St. George's

ACQUISITIONS earlier in the year have contributed to higher turnover at St George's Group, formerly St George's Laundry Worcester). Turnover higher at £2.77m in the six months to August 31 1981 compared with £1.12m in the corresponding period last year, with pre-tax profits advancing from £94,267 to £117,139.

The interim dividend is raised from 0.85p to 1p—last year's total was 3p.

Mr Peter Dellar, the chairman, says the significant increase in turnover reflects the acquisition of the four laundries in Godalming, Gateshead, Leeds and Manchester made at the end of January. There was also improved turnover from the group's other operations.

Mr Dellar says that overall the group—its main activities are linen, textile and garment rental—is trading well and the board remains confident that the results *for a full year* will be satisfactory.

There was again no tax charge in the first half. Stated earnings per 10p share have improved from 3.99p to 4.23p.

Bishopsgate Trust higher at six months

An increase of £26,000 to £551,000 in gross income was shown by **Bishopsgate Trust** for the half-year to September 30 1981 and net revenue also emerged higher, from £461,000 to £468,000.

The interim dividend is being lifted to 1.2p against 1.17p last time, adjusted for a two-for-one scrip issue. Stated earnings per share are 1.9p against 1.87p. Tax took £257,000 (£238,000).

Net asset value per share is marginally improved at 119.4p, compared with 118.9p last time.

In his annual report last May the chairman said that some reduction in earnings in the current year seemed inevitable.

British Uralite halfway losses increase £0.3m

WITH PRE-TAX losses deepening from £25,000 to £323,063 in the half-year to June 30 1981, the directors of **British Uralite** expect the year as a whole to show a considerable loss. They also say that it is unlikely that a dividend will be paid for the year. Turnover was down from £2.42m to £2.01m.

The company always fares better in the second half and it is expected to make some profits in that period, but these will not be sufficient to absorb the first-half losses. The directors expect much improved results next year.

The company is privately owned and is engaged in the manufacture and sale of building and sound insulating materials.

In his annual statement last December, Mr R. W. Powell, chairman, said that trading had become more difficult in 1981 than in 1980 and there were no signs of an upturn in either private or public sectors of the building industry in this country. In export markets, despite difficult trading conditions, he hoped for increased turnover in 1981.

The chairman reports that a series of actions have been embarked on to secure maximum efficiency. This will result in significant cost savings in 1982, although it will be a costly exercise.

There was a nil payment for exceptional items against £41,200 last time.

Laughton rises midway

Pre-tax profits at **Laughton and Sons** rose from £255,000 to £283,000 for the six months to June 30, 1981. Turnover was higher at £6.84m compared with £6.08m last time.

There is an interim dividend of 6p. In the last full year a single dividend of 11p was paid from pre-tax profits of £1.13m (£1.12m), on turnover of £12.96m (£13.53m).

IN BRIEF

CHAMBERS AND FARGUS (seed crushing, edible oil refining, cocoa butter production)—Results for year to June 27, 1981, and prospects reported September 15. Shareholders' funds £1.55m (£1.2m): fixed assets £1.27m (£1.2m): net current assets £1.46m (£1.1m) including short-term deposits £581,893 (nil): increase in working capital £440,402 (£91 671 decrease): taxable profits £411,850 reduced to £286,092 by CCA adjustments. Meeting: Hull, November 13, noon.

LONDON ATLANTIC INVESTMENT TRUST—For six months to September 30 1981: dividend 1.57p net (same) per 25p share, net revenue after tax £277,035 (£290,178) equal to 2.43p (2.54p) per share: tax £131,329 (£142,952): equity shareholders' interest after deducting prior charges at par £12.35m (£12.4m): net asset value per share 108.3p (108.6p).

G. T GLOBAL RECOVERY INVESTMENT TRUST—Gross income for half year to September 30 1981 £257,015. Net income £89,128 after interest and expenses £97,424 and tax £70,463. Net asset value 83p. Interim dividend 0.75 per cent, payable December 8. No comparisons available.

BERRY PACIFIC (STERLING) FUND (Investment company)—Net income for the period April 1 to September 30 1981, £137,577. No dividend is being paid. Net assets at September 30 £13.94m. Redemption price of participating redeemable preference shares as at September 30, £4.13, and issue price £4 316.

RAMAR TEXTILES—Results for year ended May 29, 1981, reported October 23. Current cost pre-tax profits £36,000 against historical £115,163. Group fixed assets £1.36m (£1.3m). Net current assets £1 13m (£1.16m): bank overdraft £525,831 (£1.15m). Shareholders' funds £2.17m (£2.12m). Meeting, Hyde Park Hotel, SW, November 19, noon.

NOTICE OF REDEMPTION

To the Holders of

Compañía Anónima Nacional Teléfonos de Venezuela

8¼% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, $425,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on December 15, 1981, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

15 34 71

ALSO OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

130	930	2130	3130	4030	5130	6130	7630	8730	9630	10130	11330	12530	13730	14630
330	1130	2230	3330	4130	5230	6630	7930	8830	9630	10230	11530	12630	13830	14730
430	1330	2530	3430	4230	5330	7030	8030	8930	9730	10630	11930	12730	14130	14830
630	1530	2730	3530	4530	5530	7330	8130	9130	9830	10730	12030	13030	14230	14930
730	1930	2930	3630	4730	5830	7430	8330	9230	9930	10830	12130	13130	14330	
830	2030	3030	3830	5030	5930	7530	8630	9430	10030	11230	12230	13330	14430	

On December 15, 1981, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due December 15, 1981 should be detached and collected in the usual manner.

On and after December 15, 1981 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

Dated: October 27, 1981

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 122	1065	3035	3922	4928	5292	7092	8147	8982	9722	10192	11382	12117	12817	13037	13455	14628
161	1117	3074	3932	4524	5293	7093	8181	8181	9751	10247	11414	12122	12522	13084	13451	14510
193	1159	3192	3947	4532	5314	7117	8182	9229	9781	10251	11427	12147	12562	13081	13452	14692
251	1251	3351	3951	4535	5317	7122	8183	9264	9793	10286	11451	12151	13692	13062	13793	14722
363	1264	3364	3964	4681	5322	7147	8186	9266	9793	10292	11459	12164	12693	13088	13795	14765
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

APPOINTMENTS

PERSONAL

COMPANY NOTICES

CONSOLIDATED COMPANY BULTFONTEIN MINE, LIMITED
GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE, LIMITED
(Both incorporated in the Republic of South Africa)

DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the abovementioned companies have declared dividends for the six months ending 31st December, 1981 payable to shareholders registered in the books of the respective companies on 24th December, 1981. The dividends have been declared in the currency of the Republic of South Africa.

Warrants will be posted from the Kimberley and the United Kingdom offices of the transfer secretaries on or about 4th February, 1982. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 26th January, 1982 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the companies' transfer secretaries in Johannesburg or in the United Kingdom on or before 24th December, 1981.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Kimberley and the United Kingdom.

Company	South African Currency per share
Consolidated Company Bultfontein Mine, Limited	5½ cents
Griqualand West Diamond Mining Company, Dutoitspan Mine, Limited	24 cents

By order of the Boards
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40 Holborn Viaduct
London EC1P 1AJ

27th October, 1981

Office of United Kingdom Transfer Secretaries:
Charter Consolidated P.L.C.
P.O. Box 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

PUBLIC NOTICES

GLOUCESTER COUNTY COUNCIL—£2m Bills from 29th October 1981 to 28th January 1982 at 15 1/32%. Application £14m. Bills outstanding £8.0m.

EXHIBITIONS

LEGAL NOTICES

No. 003428 of 1981

In the HIGH COURT OF JUSTICE Chancery Division, Mr Registrar Bradburn, in the Matter of BROWN BROTHERS CORPORATION LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that by an Order dated the 19th October 1981 made in the above matters the Court has directed a Meeting to be convened of the holders of the Ordinary Shares (other than those beneficially owned by Dana Engineering Limited) of the above-named Brown Brothers Corporation Limited (hereinafter called "the Company") for the purpose of considering and, if thought fit, approving with or without modification a Scheme of Arrangement proposed to be made between the Company and the holders of its said Ordinary Shares (other than aforesaid) and that such Meeting will be held at The Great Eastern Hotel, Liverpool Street, London, EC2 on Wednesday, the 18th day of November 1981 at 11 a.m. at which place and time all such Shareholders (other than aforesaid) are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, forms of proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act at the office of the Registrars of the Company Kleinwort Benson Limited, The Lawn, Bath Road, Speen, Newbury, Berks, RG13 2BR and at the offices of the under-mentioned solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or a Sunday) prior to the day appointed for the said Meeting.

The said Shareholders may vote in person at the said Meeting or they may appoint another person whether a Member of the Company or not as their proxy to attend and vote in their stead.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company.

It is requested that forms appointing Proxies be lodged with the Registrars of the Company, Kleinwort Benson Limited, of The Lawn, Bath Road, Speen, Newbury, Berks, RG13 2BR, not less than 48 hours before the time appointed for the said Meeting but if forms are not so lodged they may be handed to the Chairman at the said Meeting.

By the said Order the Court has appointed Sir Montague I. Pritchard, or failing him, Angie Michael Davies, or failing him, Edward George Speering, to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 28th day of October, 1981.
SLAUGHTER AND MAY,
35, Basinghall Street,
London, EC2V 5DB.
Solicitors for the Company.

ART GALLERIES

CLUBS

TRAVEL

BIDS AND DEALS

Solicitors' Law in deal with Pearson Longman

Solicitors' Law Stationery has sold its subsidiary Oyez Publishing to Longmans, a subsidiary of Pearson Longman. Longmans is paying approximately £2.2m, though this sum will be reduced slightly in the next few weeks to reflect advance subscriptions already received by the vendor and authors' royalty liabilities to be assumed by Longmans.

Oyez Publishing, which produces the long-established Solicitors' Journal weekly and has a book list dominated by legal titles, lost £151,000 last year and a further £70,000 in the first six months of 1981.

Solicitors' Law as a group lost £700,000 in the second half of 1980 and has been seeking ways to improve its financial position this year. A planned sale of its Oyez Press subsidiary to Mr Robert Maxwell's BPC fell through in August.

The sale of the publishing company for a sum well in excess of its £367,000 book value will be used by the group to reduce its total borrowings. These amounted to £3.67m at December 31 last, against total shareholders' funds of £2.8m. A pro-forma balance sheet reflecting the proposed sale shows borrowings down to £1.54m.

Solicitors' Law is 50.1 per cent owned by the Thomson Organisation which has indicated its support for the sale. Mr Robert Maxwell has a 23 per cent holding.

An extraordinary general meeting to vote on the sale is scheduled for November 9. The shares closed unchanged last night at 27p.

IBSTOCK JOHNSEN/ EUCALYPTUS PULP

Ibstock Johnsen has purchased 100,000 ordinary shares in Eucalyptus Pulp Mills for a consideration of approximately £180,000. This purchase increases its holding from approximately 20 per cent to 22.7 per cent.

The consideration has been satisfied by the issue of 279,180 ordinary shares in Ibstock which have been placed on behalf of the vendor with clients of Laing and Cruickshank.

TANKS CONS.

Société Generale bought 95,400 ordinary shares in Tanks Consolidated Investments (Tanks) at 450p (0.55 per cent) between midday on October 22 and midday on October 23, 1981.

CHANGE WARES

Change Wares has completed the sale of the manufacturing assets and stock of its loss-making subsidiary, Change Wares Shelving to the Guinness Group subsidiary, Clares, suppliers of shop and distribution equipment.

Net benefit to Change Wares from the proceeds of the sale and after realisation of the net current assets of the shelving business, which are being retained, and after reorganisation and redundancy costs, is estimated to be about £800,000 (£525,000 in cash).

This will be used to reduce bank borrowings and to provide additional working capital.

MARTIN-BLACK MAY SELL CANADIAN SUBSIDIARY

The board of Martin-Black, the wire rope manufacturer, has announced that negotiations which may lead to the disposal of the group's Canadian subsidiary have reached an advanced stage. It is intended that any agreement will be made subject to shareholders' approval.

The group's 1980 accounts included pre-tax profits of some £50,000 and net assets of approximately £1m attributable to the Canadian subsidiary. In the first half of the current year, the subsidiary made a loss of £47,000 (£55,000 profit).

Brit. Land lifts stake in Hepworth

British Land, the property group headed by Mr John Ritblat, has increased its shareholding in J. Hepworth and Son, the multiple retailing group, from 6.07 per cent to 8.6 per cent.

British Land, which started building up its holding in the company over a year ago, yesterday announced that it had acquired a further 1.1m ordinary shares bringing the total holding up to 3.73m shares. At yesterday's closing price of 86p (up 2p) this holding is valued at £3.2m. British Land were unchanged at 70p.

Mr Ritblat, the chairman and managing director of British Land, said yesterday that "a good line of stock was offered and we took it on this basis." He said that at the moment the holding in Hepworth was regarded as "no more than a trading investment."

ARGYLL FOODS HAS 27.7% OF LINFOOD

On October 23, Panmure Gordon and Co., on behalf of Argyll Foods, purchased in the market 300,000 ordinary 25p shares of Linfood Holdings, at a price of 169¾p per share and 50,000 Linfood ordinary shares at 169p per share. In addition, 472,500 shares had been purchased by midday on October 26 at 169¾p each.

Argyll, together with an associate, now hold 12,259,999 Linfood ordinary shares, representing 27.7 per cent of the present issued share capital.

Argyll also owns £550,000 nominal of the Linfood 12 per cent convertible loan stock.

GENERAL TIRE/ HALLITE HOLDINGS

IN THE formal offer for Hallite Holdings, Dr H. Khazam, chairman of the General Tire and Rubber Company (South Africa), tells shareholders that bearing in the mind the recent profitability of Hallite "we believe that our cash offer (200p per share) is an attractive one . . . and that you should have the opportunity to consider it."

General Tire is now offering a loan stock alternative under which shareholders may elect to receive in lieu of whole or part of the cash consideration, an allotment of 11 per cent loan stock 1981-84.

In his letter, Dr Khazam says that prior to the announcement of the bid the board of Hallite was approached to assure them that Hallite would continue to operate as a separate entity, and that the interests of employees would be fully safeguarded.

In the light of these assurances, "we were naturally disappointed that your board did not agree to recommend the offer," as it is substantially above the price at which the Hallite shares were being quoted in the market prior to the announcement of the initial purchase of shares.

General Tire believes that it can improve Hallite's performance

ALEXANDER HOWDEN

Alexander and Alexander Services has purchased 450,000 ordinary shares of Alexander Howden Group at 144p per share.

De Zoete and Bevan, on behalf of Alexander and Alexander, purchased 500,000 Howden ordinary shares at 143.375p each and 500,000 at 144p each, on October 23.

As a result, Alexander and Alexander now has an interest in 5,075,000 Howden ordinary shares, representing 5.56 per cent of the equity.

LONDON TRADED OPTIONS

Oct. 26. Total Contracts 886. Calls 349. Puts 247.

Option	Ex'rcise price	Jan. Closing offer	Vol.	April Closing offer	Vol	July Closing offer	Vol.	Equity close
BP (c)	280	40	4	46	—	—	—	302p
BP (c)	300	25	16	34	1	46	—	"
BP (c)	320	15	5	—	5	—	—	"
BP (p)	330	—	—	42	20	50	—	"
CU (c)	130	15	10	21	—	3	—	132p
CU (c)	140	9	—	14	6	18	—	"
CU (c)	160	5	—	8	8	—	—	"
Cons. Gld (c)	420	83	—	92	6	—	—	478p
Cons. Gld (c)	550	12	5	27	—	57	—	"
Cons. Gld (p)	460	17	10	27	—	28	—	"
Court'lds (c)	50	6	2	9½	2	12	—	50p
Court'lds (c)	70	1	4	2½	—	—	—	"
GEC (c)	700	37	—	60	—	87	3	669p
Gr'd Met. (c)	160	15	6	18	—	26	—	154p
Gr'd Met. (c)	180	6	12	12	—	16	3	"
Gr'd Met. (c)	220	3	—	3	8	—	—	"
Gr'd Met. (p)	160	15	4	20	—	24	—	"
Gr'd Met. (p)	180	29	—	36	—	37	1	"
ICI (c)	240	40	40	46	—	56	—	262p
ICI (c)	260	24	21	34	2	44	—	"
ICI (c)	280	12	30	24	—	—	—	"
ICI (c)	300	8	10	17	—	—	—	"
ICI (p)	240	7	26	14	—	16	—	"
ICI (p)	260	14	—	18	16	25	—	"
ICI (p)	280	24	2	28	—	—	—	"
Land Sec. (c)	260	54	1	45	—	—	—	284p
Land Sec. (c)	308	—	—	20	1	28	—	"
Mks & Sp (c)	100	17	2	23	4	27	1	109p
Mks & Sp (c)	110	9	—	16	—	19	10	"
Mks & Sp (c)	120	4½	—	10½	5	13	—	"
Mks & Sp (c)	130	2½	—	7	8	—	—	"
Shell (c)	330	60	12	68	—	80	—	388p
Shell (c)	360	35	28	48	—	60	—	"
Shell (c)	390	19	6	28	4	40	—	"
Shell (p)	360	12	3	17	—	20	—	"
Shell (p)	390	26	—	28	—	32	5	"
Shell (p)	420	54	—	56	10	—	—	"
		November		February		May		
Imperial (c)	60	3	—	5	2	6	—	59p
Lasmo (c)	460	42	5	75	—	90	—	492p
Lasmo (c)	500	20	2	57	3	67	—	"
Lonrho (c)	70	6	—	7½	2	9½	28	70p
Lonrho (c)	80	1½	—	3½	16	6	30	"
Lonrho (c)	100	½	—	1	9	—	—	"
Lonrho (p)	70	5½	2	6½	7	9	—	"
Lonrho (p)	90	21	—	22	—	23	10	"
Lonrho (p)	100	31	—	32	10	—	—	"
P & O (c)	90	9	5	12½	—	15½	—	97p
Racal (c)	390	15	—	30	3	42	—	375p
Racal (p)	360	10	63	20	8	28	—	"
Racal (p)	390	22	16	35	5	38	—	"
Racal (p)	420	45	4	50	2	55	—	"
RTZ (c)	420	40	3	—	—	—	—	442p
RTZ (c)	460	22	1	40	3	55	2	"
RTZ (c)	500	10	3	27	2	39	—	"
RTZ (c)	550	5	—	20	31	27	—	"
RTZ (c)	600	2	—	9	3	15	—	"
RTZ (p)	460	25	2	30	11	32	—	"
Vaal Rfs. (p)	70	10	10	11½	—	12½	—	861

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Last	Feb. Vol.	Last	May. Vol.	Last	Stock
GOLD C	$425	30	15	1	41 A	—	—	$426
GOLD C	$450	8	7	—	—	—	—	"
GOLD C	$475	4	2.50	—	—	—	—	"
GOLD C	$500	30	1.50	—	—	—	—	"
GOLD P	$400	20	4	—	—	—	—	"
GOLD P	$425	11	9.50	1	18	—	—	"
GOLD P	$450	1	28	—	—	—	—	"
GOLD P	$475	1	47	—	—	—	—	"
		Jan.		April		July		
AKZO C	F.20	24	2.50	—	—	—	—	F.21
AKZO C	F22.50	19	1	30	1.60	—	—	"
AKZO C	F.25	85	0.50	—	—	—	—	"
AKZO C	F.27.50	35	0.20	20	0.50	—	—	"
AKZO P	F.20	—	—	5	1.30	—	—	"
AMRO C	F.55	—	—	10	2.30	—	—	F.51.50
HEIN C	F.45	—	—	9	6	—	—	F.46.60
HEIN C	F.60	60	0.40	—	—	—	—	"
HEIN P	F.45	—	—	7	2.40	—	—	"
HOOG C	F.15	—	—	25	1.50	—	—	F.14.30
KLM C	F.90	26	20	—	—	—	—	F.105.20
KLM C	F.100	75	13.90	18	17.50	—	—	"
KLM C	F.110	115	9.40 A	26	12.40	—		"
KLM C	F.120	170	6.50	11	8.50	—	—	"
KLM C	F.130	36	3.70	—	—	—	—	"
KLM C	F.140	9	2.30	—	—	—	—	"
KLM C	F.150	55	1.20	—	—	—	—	"
KLM P	F.80	11	1.10	—	—	—	—	"
KLM P	F.90	46	2.20	5	3.50	—	—	"
KLM P	F.100	141	4.60	—	—	—	—	"
KLM P	F.110	77	9.50 B	—	—	—	—	"
NEDL C	F.130	13	15.50	—	—	—	—	F.139
NEDL C	F.140	45	8.50	26	13.50	—	—	"
NEDL C	F.150	30	4.90	—	—	—	—	"
NEDL C	F.160	10	2.40	—	—	—	—	"
NEDL P	F.140	6	5.50	—	—	—	—	"
NEDL P	F.150	—	—	10	14.50	—	—	"
NATN C	F.115	15	1.80	16	3.20	—	—	F.108.20
NATN P	F.105	—	—	6	2.80	—	—	"
NATN P	F.115	—	—	—	—	5	8	"
PHIL C	F.20	69	1.20	15	2.10	10	2.50	F.19.80
PHIL C	F.22.50	57	0.50	52	1.10	5	1.40	"
PHIL C	F.25	15	0.30	64	0.50	—	—	"
PHIL P	F.20	41	1.40	—	—	—	—	"
POLA C	$25	8	⅝	—	—	—	—	$ 20¼
RD C	F.70	31	13	—	—	—	—	F80.40
RD C	F.80	98	5.50	10	8.50 B	40	10	"
RD C	F.90	87	2.30	119	5.40	—	—	"
RD C	F.100	51	0.90	107	2.30	—	—	"
RD P	F.70	177	0.70	—	—	—	—	"
RD P	F.80	69	3.50	10	5	—	—	"
RD P	F.90	62	10	—	—	—	—	"
UNIL C	F.140	4	6	—	—	—	—	F.139.20
UNIL C	F.150	10	2.80	11	5	—	—	"
UNIL C	F.160	—	—	10	3	—	—	"
UNIL P	F.130	17	2.20	—	—	—	—	"
		Nov.		Feb.		May		
BASF C	DM.130	20	4.50	—	—	53	10.50	DM132

TOTAL VOLUME IN CONTRACTS 2808

A=Asked B=Bid C=Call P=Put

American Natural London listing

American Natural Resources, a diversified U.S. natural gas group, has applied to the London Stock Exchange for a listing of 24.9m shares of common stock, at par value of $1 per share.

The shares are comprised of 23.4m issued and outstanding, and 1.47m shares reserved for issue on October 28. Dealings are expected to start on October 29.

"The provincialism of our business is fast disappearing," said Mr Arthur Seder, chairman of American Natural Resources in London yesterday. "We want to obtain additional debt and equity in the broadest of markets."

Until 1975, American Natural mainly supplied natural gas to consumers in Michigan and Wisconsin. Since then, the company has diversified into exploration and production, together with trucking, coal and synfuels. Sales reached $3bn last year.

Diversification has yet to show through in profits, 90 per cent of which still come from traditional activities. Earnings per share, as a result, have been relatively stagnant for the past five years.

The combination of capital spending—$1.2bn in five years—and a sharp fall in profits from the consumer gas operations has increased borrowings. Capital gearing reached 140 per cent last year, while income gearing has risen from 30 to 50 per cent in the last five years.

In December last year, Moody's Investors Service downgraded the company's commercial paper rating to Prime-3 from Prime-2.

American Natural has two schemes to relieve balance sheet pressure. First, it has restructured the ANR Coal Company in a $120m deal with Petrofina, which reduces the group's shareholding by 50 per cent, in exchange for $70m in cash and a further $50m of equity capital in the new joint company, which becomes an associate company of ANR.

The company also plans to spin off its Michigan Consolidated Gas Company to its existing shareholders. ANR is proceeding with its partnership role in the Great Plains coal gasification project, which if completed, would be the first commercial coal gasification plant in the world.

Mr Seder said yesterday that he expected earnings per share this year to increase by 25 per cent from the 1980 EPS of $5.11.

How R. P. Martin aims to benefit from merger

IN HIS annual statement Mr Michael Phelan, the chairman of R. P. Martin and Co., tells members that following the merger earlier this month with Bierbaum and Co., the West German money broker, the new combined group will be a major force in the world money markets.

Both groups, he says, are merging from positions of strength and growth.

As well as creating increased geographical coverage the merger will make for greater market penetration, increased profitability and greater financial strength, the chairman says.

He adds that during the year the group constantly updated its forward planning—computerisation, development and its advanced telecommunications network—and was successful in its application to join the London Financial Futures Exchange.

At the same time, he says the directors had to defend the group from the attentions of non-resident shareholders "who for reasons best known to themselves were not prepared to disclose their identity."

The group's results for the year ended June 30 1981 were reported on September 11. The accounts show shareholders' funds at £2.02m (£1.11m) and net current assets at £1.46m (£632,607). There was a decrease in working capital of £42,670 (£70,064 increase) and a movement in net liquid funds of £1.21m (£129,005).

The chairman's emoluments are shown to have risen from £32,935 to £62,428 and those of the highest paid director from £36,860 to £62,428. Meeting: Great Eastern Hotel, EC, November 20, at 2.30 pm.

NORTHERN MUSIC

Northern Music Distributors has acquired the background music interests of In Line Music for an undisclosed figure. The acquisition is part of Northern's plans to expand its activities in the field of leisure equipment. Northern Music Distributors is a subsidiary of Western Counties Hotels.

Pullman sees return to profit growth next year

There are firm signs that the quality end of the clothing trade is improving, says Mr M. A. Hope, chairman of R. and J. Pullman, garment and textile group, in his annual statement.

"Taking this into account, and the fact that the fall in sterling has brought about a sharp turn for the better in export markets, leads the directors to anticipate a resumption in profits growth next year," he says.

The 12 months to April 30 1981 saw the first setback in turnover and profits in six years. The group has, nevertheless, continued its policy of acquisitions whenever suitable opportunities appeared. A departmental store in Brighton was bought, as well as two well-established clothing manufacturing companies. Several new shops were also opened.

The directors have revalued some of the group's properties and these have shown a surplus of £339,000. They have written off £487,000 from the value of the corduroy division—that is the final write-off from that division.

At April 30, shareholders' Current assets were little changed at £14.81m (£14.03m). funds stood at £10.55m (£10.59m). There was a decrease in working capital of £497,000 £1.19m increase).

GLYN JOHN

Glyn John Transport, the Cardiff based road haulage company is changing its shareholding structure.

Three principal executives remain substantial shareholders and directors, but the controlling interest has been sold to a consortium of South Wales businessmen, backed by Moracrest Finance.

JOHN SWIRE/BGJ

At meetings of the appropriate Blyth, Greene, Jourdain and Company (BGJ) shareholders the Scheme of Arrangement whereby BGJ is to become a wholly owned subsidiary of John Swire and Sons, subject only to the approval of the Court, was duly approved by the necessary majorities.

Berec still urges firm rejection

Berec, the Ever Ready battery group, has again strongly urged its shareholders to reject the takeover bid for their company being made by Hanson Trust.

On October 17, Hanson added to its earlier offer of 105p cash per Berac share with an alternative offer based on Hanson convertible stock and worth about 113p per share. Berec's shares closed last night at 116p, up 1p.

The alternative, says Berec's latest circular, does not represent any significant improvement.

The chairman repeats his view that Berec can expect an upward profits trend, benefiting from a difficult few years of heavy investment. The forecast for pre-tax attributable profits for 1981-82 is still £14m.

If successful, the bid would offer Berec shareholders 14 per cent of the enlarged Hanson group's equity, while Berec's projected profits and present assets would represent an estimated 17 and 34 per cent of that group, respectively.

BROOKE BOND/ MUIRHEAD & SONS

The offer by Brooke Bond Liebig to acquire the whole of the share capital of Muirhead and Sons has become unconditional in all respects. Acceptances to the offer have been received in respect of 99.7 per cent of the ordinary shares of Muirhead in issue prior to the capital reorganisation.

Consideration of £21.76 for every 10 shares amounting to £2.34m in respect of these acceptances is to be satisfied by the payment of an aggregate sum of £110,224 and by the issue of 4,962,925 new ordinary shares of 25p each in Brooke Bond. The share offer has now closed but the cash offer remains open for acceptance.

Chairman recommends Dana Corp. cash offer

RECOMMENDING minority shareholders to accept the 30p per share cash offer from Dana Corporation, Sir Montague Pritchard, chairman of Brown Brothers Corporation, says "our belief is that the future market value of Brown Brothers' shares would be unlikely to match the offer price for some time."

Dana already owns 69.03 per cent of the Brown Brothers equity and its bid values the outstanding shares at £4.3m.

Sir Montague says in the formal offer that it is still not possible to give an encouraging forecast in the short-term, or to predict the timescale on which the group's profits may recover to levels achieved in the recent past.

In the year 1980-81 the group suffered a net taxed loss, after charging redundancy and re-organisation costs, of £713,000 which compares with a profit of £4m in the previous year.

Sir Montague says: "We share with the Dana Group the belief that, in view of the continuing difficult economic conditions and the uncertain future, prospects can best be safeguarded by a full integration of Brown Brothers into the Dana Group's European activities."

The chairman says he feels that the offer reflects the group's inherent strengths and long term prospects rather than its short term performance. He says that the price also represents a substantial premium over the level at which the group's shares had been traded in the previous few months.

SHARE STAKES

First Charlotte Assets Trust—*Phoenix Assurance is beneficial* owner of 3m ordinary shares (10 per cent).

Estates and Agency Holdings—J. N. Davis, director, has relinquished his shareholding as trustee in 875,000 ordinary shares (14.57 per cent).

Ward White Group—Fielding Newson Smith purchased on behalf of the group's subsidiaries 30,000 shares of Hiltons Footwear at 145p xd. Ward White now holds 17.44 per cent of Hiltons.

Alexander Howden—De Zoete and Bevan bought 1m shares at 142⅝p on behalf of Alexander and Alexander Services.

Sumrie Clothes—H. M. Ross has increased his holding to 703,000 shares (26.12 per cent).

Avana Group—Northern Foods has acquired an additional 400,000 shares.

Bertam Consolidated Rubber—Johore State Economic Development Corporation has increased its holding in Bertam from 3.27m shares to 3.96m (19.53 per cent).

London and Strathclyde Trust—Cavenham Pension Trustees has acquired 155,000 shares, making the holding 1.6m or 11.11 per cent.

Natco Industries—Foster Brothers Clothing Company, through its 75 per cent owned U.S. subsidiary Anglo American Retail Corporation, has acquired a further 225,000 shares bringing its holding to 33 per cent. Foster Brothers' contribution for this purchase was $506,250 (about £275,000) cash.

Japan Assets Trust—London and Manchester Assurance Company has sold 250,000 shares, reducing the holding to 1.58m.

Tanks Consolidated Investments—Societe Generale purchased in the market, at 450p 76,974 ordinary stock units of Tanks (0.5 per cent).

Harold Ingram—J. M. Peutherer acquired 30,000 shares making holding 202,500 (about 6.1 per cent).

Yule Catto and Co—Kuala Lumpur Kepong has purchased 50,000 ordinary, bringing group holding to 4.97m (28.44 per cent).

Mr Maxwell steps in for Oxley subsidiaries

MR ROBERT MAXWELL, chairman of British Printing Corporation has conditionally Ian McIsaac (of Touche Ross) to acquire Carlisle Web Offset and two other subsidiaries of Oxley Printing Group, PSG Technical Publications and Birmingham Binding Company (1979).

The agreement is conditional on a swift and satisfactory outcome of negotiations by local management with staff and unions.

Carlisle Web Offset holds a share in the contract to print TV Times, reckoned to be worth about £1m a year for the next seven years.

Oxley Printing Group was put into receivership on August 17, after reporting a pre-tax loss of £2.7m for 1980.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Company, which is advising the Alexander Howden Group, sold 570,000 Alexander Howden ordinary shares at 143½p on October 23, 1981, on behalf of discretion-

STRONGER DOLLAR HITS OVERSEAS RESULTS

Sharp fall in Exxon earnings

BY PAUL BETTS IN NEW YORK

EXXON, THE world's largest oil company, yesterday reported a 20.7 per cent decline in third quarter net profits to $1.07bn.

The sharp earnings decline was largely caused by a 16 per cent drop in operating earnings to $1.3bn reflecting "lower demand for petroleum products together with reduced margins in a temporarily over-supplied market."

As with other major international oil companies, third quarter results were hit by particularly depressed refining and marketing results outside the U.S. which were caused in large part by local currency price increases failing to recover the higher crude costs caused by a stronger dollar during most of the quarter.

But Mr Clifton Garvin, the chairman of Exxon, said that by the end of the quarter the dollar had fallen slightly from the beginning of the period resulting in a small foreign exchange translation loss of $16m. For the nine months there was an exchange gain of $893m against a $28m loss.

Exxon said profits from U.S. oil and gas production were higher than last year because of decontrol of domestic oil prices. Conversely, foreign exploration and production earnings declined as a result of higher exploration expenses combined with the impact of increased taxes, particularly in Canada.

Worldwide refining and marketing earnings were down by 38 per cent, mostly in Europe. For their part, chemical earnings showed a marginal improvement over the very depressed levels of the third quarter last year. Losses in minerals and in other operations — mainly office systems — increased.

Third quarter revenues from $26.74bn to $27.61bn while capital and exploration expenditures increased by 18.6 per cent in the third quarter totalling nearly $3bn.

For the first nine months of the year, net income rose by 4.4 per cent to $4.5bn on revenues of $85.4bn. But operating earnings for the first nine months were down 18.6 per cent to $4bn.

In reviewing nine months' performance, Mr Garvin said:

- U.S. exploration and production earnings increased 18 per cent to $1.8bn, but domestic refining and marketing operating earnings of $35m were well below last year after a 14 per cent decline in petroleum product volumes coupled with a general inability to recover higher costs.
- Foreign petroleum exploration and production earnings of $1.3bn were 11 per cent lower, largely because of increased exploration activities and higher taxes. Foreign refining and marketing earnings were down 48 per cent at $669m as a result of a 4 per cent decline in sales volume and increased operating expenses and higher raw material costs, largely the result of the dollar's strength.
- Earnings from worldwide chemicals operations were 32 per cent down at $222m with margins badly squeezed in Europe because of excess capacity and rising costs.
- Minerals losses totalled $79m compared with $26m last year, while losses from other operations, but in particular Exxon's office systems division, increased to $51m from $30m.

Airline loss offset by hotels sale at Pan Am

By Ian Hargreaves in New York

PAN AMERICAN World Airways recorded a $281.5m third quarter profit because of the sale of its hotel division, but the company's ailing airline continued to incur heavy losses.

In the quarter, the airline had a pre-tax loss of $80.2m, compared with a profit of $13m in the same quarter last year. That took the airline's operating losses to $320.3m this year, against a loss of $142.6m for the same period of 1980.

The scale of these losses almost offsets the $500m Pan Am received from Grand Metropolitan of Britain for its Intercontinental Hotels subsidiary. The sale produced a $358.8m pre-tax gain and tax credits of $128m which negated the tax charges to Pan Am on the sale of Intercontinental.

Pan Am's $281.5m net profit came on sales of $1.05bn, excluding sales in the hotel group, a decrease of 1.9 per cent. Operating expenses rose by 6.7 per cent to $1.097bn. Airline operating revenues were down 4.6 per cent at $974.7m, resulting from a 4.5 per cent drop in passenger traffic.

There was, however, a hopeful sign in a 2.6 per cent increase in the airline's yield, the amount of revenue received per passenger mile flown.

Pan Am's service organisation stayed well in the black, with pre-tax earnings of $3.4m against $2.3m. Sales were up 54 per cent after the addition of two large U.S. Government contracts.

Profits of Intercontinental Hotels, whose results were reported separately before the sale, were $2.5m after tax, down from $5.4m in last year's third quarter.

Pan Am's overall net income for the nine months was $63.9m against a net loss of $116.7m last year. Sales were up by 1.8 per cent to $2.8bn.

Since selling Intercontinental, Pan Am has embarked on a dramatic fare-cutting policy, under the guidance of Mr Edward Acker, its new chairman.

- Western Airlines had a disappointing third quarter, turning in a per share loss of 60 cents, against a loss of 54 cents in the corresponding period of 1980.

Record $350m credit for private Spanish borrower

BY ALAN FRIEDMAN

THE LARGEST international credit for a Spanish private sector borrower was announced yesterday by Fecsa, the Catalonian utility. According to Chase Manhattan, which has been mandated as lead agent for the loan, the deal involves a four-tranche arrangement totalling $350m.

Proceeds of the loan will go towards the development of nuclear power and other energy sources in Catalonia.

The first tranche is a $200m seven-year syndicated loan to be priced ½ per cent above the U.S. prime rate for the first five years and ¾ per cent above prime for the remaining two.

The $200m tranche makes use of a formula developed by Chase in the credit it arranged for Sweden last May. Lenders are protected by a provision under which, if the three-month dollar certificate of deposit rate goes more than 185 basis points above the prime the terms of reference will be switched to a margin over the CD rate. For borrowers, there is the opposite provision that if the CD rate falls below the prime by 185 basis points the spread will also be switched from prime to CD.

The second tranche is a $50m eight-year loan to be placed entirely with Japanese banks and to be based on a spread of ⅝ per cent above the London inter-bank offered rate for the first four years, and ¾ per cent above Libor thereafter. The placing of this tranche is being co-ordinated by Sumitomo Trust.

The borrower will have the option in this tranche to convert to yen credit if and when the syndicated yen market is opened to private borrowers.

The third tranche is a $50m loan in Spanish pesetas. It is designed to run for seven years and the margin will be 1 per cent above the Madrid inter-bank offered rate.

The final tranche is a further $50m eight to 10-year-loan to be placed privately in Swiss francs, D-marks and possibly Dutch guilders. This segment is likely to be at a floating rate initially, 1 per cent above the relevant Eurocurrency six-month rate. The borrower may decide within 24 months to convert to a fixed rate arrangement thereafter.

Nafinsa, the Mexican development financing agency, is raising £50m through a sterling acceptance credit arranged by S. G. Warburg. The six-month credit is designed as pre-financing for a possible "bulldog" bond in the UK domestic market. The acceptance credit carries a ¼ per cent commission.

Meanwhile, bankers were believed to have been discussing in London yesterday a large Eurocredit for the development of the Espoir oil field in the Ivory Coast. The names of Bankers Trust, Citicorp, Banque Nationale de Paris and Societe Generale have been mooted as participants in the loan, which could be as large as $1bn. The Espoir consortium is headed by Phillips Petroleum.

Third quarter slide at Texas Instruments

By Our Financial Staff

TEXAS INSTRUMENTS, the leading U.S. semiconductor and electronics manufacturer, yesterday reported a 48 per cent drop in third-quarter earnings to $27.1m, to give nine months' earning of $71.8m, down 55 per cent from the previous year's $158.4m. Earnings per share for the third quarter were halved to $1.15 from $2.30, and for the nine months declined to $3.06 from $6.90.

Sales during the third quarter, at $1.04bn, showed little change, and for nine months were up from $2.99bn only to $3.16bn. The company blamed this disappointing performance on price-cutting in a wide range of memories products—a development that has also had severe effects on the profits of such other giants of the industry as National Semiconductor and Intel.

In addition to the effects of price discounting, Texas Instruments blames a slackening of demand for some produtcs, high interest rates and rising manufacturing costs.

TI apears to be adopting a similar strategy towards the current slowdown in the industry to that of several of its competitors, by continuing to maintain a high rate of spending on research and development and on introducing new products. At a projected $595m for 1981 as a whole, this would amount to some 14.5 per cent of last year's sales of $4bn.

Shell Oil rises against trend

BY OUR NEW YORK STAFF

SHELL OIL, the large integrated U.S. oil company 69 per cent-owned by the Royal Dutch/Shell group, bucked the general third quarter earnings trend in the U.S. oil industry by reporting a 34 per cent increase in third quarter profits to $471m from $353m, or from $1.14 to $1.52 a share.

At a time when most oil companies have been reporting particularly weak refining and marketing results, Shell yesterday said its oil products division, which includes refining, transport and marketing, earned a record $121m in the latest period. This is a $40m increase on the third quarter last year.

Mr John Bookout, president of Shell Oil, explained that although raw material costs in this sector were higher than last year, they were down from earlier this year. And while overall selling prices were also down from earlier this year, they did not decline as much as raw material costs.

In the third quarter, Shell's revenues totalled $5.6bn compared with $5.1bn in the same period last year.

Nine-month income was 10 per cent higher at $1.24bn, or $4.02 a share, against $1.13bn, or 3.67 a share, previously and revenues increased from $14.8bn to $16.5bn.

Earnings from oil and gas exploration rose by $122m in the third quarter to $385m. This reflected higher prices for crude oil and gas and also increased production.

Third-quarter crude oil prodution increased 19,000 barrels a day and natural gas production rose by 144m cubic feet per day.

These increases reflect higher crude oil production at Kernridge, the California properties Shell, acquired two years ago, and new and increased natural gas production in the Gulf of Mexico, where Shell has traditionally had a sizable presence.

Earnings in the chemical division, however, declined from $19m to $14m in the third quarter. Mr Bookout said chemical earnings were unlikely to show much improvement until there is some basic strengthening in the economy.

SEC wins block on $5m profit on Santa Fe shares

BY OUR NEW YORK STAFF

THE Securities and Exchange Commission (SEC), the U.S. Government agency which regulates the securities industry, yesterday won a temporary injunction from a New York Federal court to freeze $5m in profits arising from trading in Santa Fe International stock and options.

Earlier this month, Santa Fe International, a leading California-based oil drilling contractor and energy company, accepted a $2.5bn takeover offer by the Government-owned Kuwait Petroleum Company.

The deal, the largest single investment in the U.S. to date by an Arab oil producing country, sparked a major controversy in the U.S. involving charges of alleged insider dealings and concern about the national interest on Capitol Hill.

Procter and Gamble starts year firmly

By Our Financial Staff

PROCTER AND GAMBLE, the leading U.S. household products group, has made a firm start to its current financial year, increasing net earnings by almost 13 per cent from $194m to $219m in the first quarter.

Sales for the eriod to September 30 were only modestly ahead from $2.9bn to $3bn

$100m bond for Caterpillar

BY OUR EUROMARKETS STAFF

A $100M FIVE-YEAR Eurodollar bond issue was launched yesterday for Caterpilar Financiel Services NV, the subsidiary of Caterpillar Tractor, the U.S. construction machinery concern. The bonds will carry a 16p per cent coupon and the issue price has been fixed at par through Goldman Sachs, the lead-manager.

The borrower may call the bonds in 1984 at par. Kuhn Loeb Lehman Brothers and Merrill Lynch are co-lead managers.

Prices of seasoned issues on the secondary market for Eurodollar bonds lost ⅛ point on average, due mainly to nervousness about the size of this week's U.S. Treasury financing which starts tomorrow.

D-Mark foreign bonds were unchanged on the secondary market in what traders described as lacklustre trading. The market was slightly apprehensive about the outcome of the German Capital Markets Sub-Committee meeting which convened last night in Wiesbaden.

Prices were unchanged on average in the Swiss franc sector, although some issues were marked down by ¼ to ½ point. The strength of the dollar—the closing rate was SwFr 1.92 against SwFr 1.89 on Friday night—subdued trading and the market ended the day on a somewhat negative note.

TNT Overseas Finance NV, a subsidiary of the Australian company Thomas Nationwide Transport, is to raise SwFr 50m with a 10-year public issued lead-managed by Handelsbank NW. The final pricing is due today.

In the Kuwaiti dinar bond market, a KD 30m 10-year issue is being planned for the World Bank. Much of the paper is expected to be placed with the Kuwaiti Finance Ministry, and the lead manager of the issue is to be the Kuwait Investment Company.

Mr Tom Clausen, president of the World Bank, was quoted last week as saying the bank was planning an issue within the next few days. But discussions are still at an early stage.

NORTH AMERICAN QUARTERLY RESULTS

BORG-WARNER

	1981 $	1980 $
Third quarter		
Revenue	881.8m	819.7m
Net profits	42.7m	20.9m
Net per share	2.00	0.85
Nine months		
Revenue	2.07bn	1.97bn
Net profits	119.3m	88.3m
Net per share	5.55	4.10

BRANIFF INTERNATIONAL

	1981 $	1980 $
Third quarter		
Revenue	306.6m	381.1m
Net profits	†20.3m	17.02m
Net per share	†1.01	0.85
Nine months		
Revenue	956.2m	1.13bn
Net profits	†84.99m	†53.49m
Net per share	†4.25	†2.67

† Loss

BURLINGTON INDS.

	1981 $	1980 $
Third quarter		
Revenue	876.5m	717.0m
Net profits	35.17m	7.74m
Net per share	1.25	0.28
Nine months		
Revenue	3.26bn	2.9bn
Net profits	115.31m	81.33m
Net per share	4.10	2.90

CHROMALLOY

	1981 $	1980 $
Third quarter		
Revenue	373.4m	385.8m
Net profits	13.16m	14.2m
Net per share	0.81	0.93
Nine months		
Revenue	1.04bn	1.42bn
Net profits	33.35m	33.12m
Net per share	2.06	2.12

CHUBB CORPORATION

	1981 $	1980 $
Third quarter		
Net profits	25.9m	26.9m
Net per share	2.10	2.18
Nine months		
Net profits	71.4m	77.1m
Net per share	5.80	6.23

COMBUSTION ENGINEERING

	1981 $	1980 $
Third quarter		
Revenue	934.5m	727.1m
Net profits	31.92m	25.65m
Net per share	0.96	0.78
Nine months		
Revenue	2.76bn	2.15bn
Net profits	92.98m	74.24m
Net per share	2.81	2.26

DATA GENERAL

	1981 $	1980 $
Third quarter		
Revenue	244.6m	214.0m
Net profits	13.7m	16.4m
Net per share	1.30	1.54
Nine months		
Revenue	736.9m	653.9m
Net profits	60.7m	54.7m
Net per share	4.78	5.20

R. R. DONNELLY

	1981 $	1980 $
Third quarter		
Revenue	339.6m	305.0m
Net profits	24.5m	21.2m
Net per share	1.30	1.14
Nine months		
Revenue	883.8m	799.3m
Net profits	53.8m	48.9m
Net per share	2.88	2.63

DR. PEPPER

	1981 $	1980 $
Third quarter		
Revenue	103.4m	97.8m
Net profits	8.28m	7.28m
Net per share	0.41	0.36
Nine months		
Revenue	281.5m	262.2m
Net profits	22.18m	19.91m
Net per share	1.10	0.98

FLORIDA POWER

	1981 $	1980 $
Third quarter		
Revenue	949.43m	707.2m
Net profits	77.2m	74.78m
Net per share	1.53	1.69
Year		
Revenue	2.87bn	2.25bn
Net profits	192.49m	217.14m
Net per share	3.60	4.42

FOREMOST-McKESSON

	1981 $	1980 $
Third quarter		
Revenue	1.12bn	1.02bn
Net profits	18.5m	16.8m
Net per share*	1.06	0.94
Nine months		
Revenue	2.21bn	1.98bn
Net profits	34.51m	31.2m
Net per share*	1.98	1.75

* Diluted

GENERAL RE CORPORATION

	1981 $	1980 $
Third quarter		
Revenue	332.7m	262.4m
Net profits	43.0m	39.0m
Net per share	1.97	1.78
Nine months		
Revenue	1.01bn	783.5m
Net profits	127.0m	110.8m
Net per share	5.82	5.09

GERBER PRODUCTS

	1981 $	1980 $
Third quarter		
Revenue	186.4m	164.1m
Net profits*	11.5m	10.0m
Net per share*	11.29	1.13
Nine months		
Revenue	356.5m	306.0m
Net profits*	22.1m	10.0m
Net per share*	1.29	1.13

* Operating

GLOBAL MARINE

	1981 $	1980 $
Third quarter		
Revenue	93.4m	52.4m
Net profits	23.7m	11.2m
Net per share	0.76	0.42
Nine months		
Revenue	245.0m	157.2m
Net profits	53.5m	30.3m
Net per share	1.76	1.19

GULF CANADA

	1981 $	1980 $
Third quarter		
Revenue	1.4bn	1.1bn
Net profits	97.0m	100.0m
Net per share	0.43	0.44
Nine months		
Revenue	3.7bn	2.9bn
Net profits	257.0m	286.0m
Net per share	1.13	1.26

PHILIP A. HUNT CHEMICAL

	1981 $	1980 $
Third quarter		
Revenue	27.5m	25.8m
Net profits	1.59m	960,000
Net per share	0.21	0.59
Nine months		
Revenue	82.2m	79.7m
Net profits	2.72m	4.3m
Net per share	0.48	0.76

INTERLAKE

	1981 $	1980 $
Third quarter		
Revenue	255.1m	229.4m
Net profits	12.3m	†22.5m
Net per share	2.01	†3.74
Nine months		
Revenue	789.4m	802.0m
Net profits	34.9m	†15.6m
Net per share	5.71	10.92

† Loss

JWT GROUP

	1981 $	1980 $
Third quarter		
Revenue	90.1m	81.9m
Net profits	3.03m	2.02m
Net per share	0.57	0.39
Nine months		
Revenue	273.6m	232.0m
Net profits	4.86m	9.18m
Net per share	0.92	1.82

LEAR SIEGLER

	1981-82 $	1980-81 $
First quarter		
Revenue	367.2m	347.2m
Net profits	15.92m	14.04m
Net per share	0.96	0.86

MARATHON OIL

	1981 $	1980 $
Third quarter		
Revenue	2.62bn	2.03bn
Net profits	148.63m	76.35m
Net per share	2.49	1.27
Nine months		
Revenue	7.18bn	6.33bn
Net profits	303.0m	323.74m
Net per share	5.13	5.35

McDONNELL DOUGLAS

	1981 $	1980 $
Third quarter		
Revenue	1.78bn	1.52bn
Net profits	51.7m	11.7m
Net per share	1.30	0.30
Nine months		
Revenue	5.29bn	4.56bn
Net profits	141.4m	98.5m
Net per share	3.54	2.50

McDONALD'S CORPN.

	1981 $	1980 $
Third quarter		
Revenue	668.0m	589.1m
Net profits	75.82m	63.89m
Net per share	1.87	1.59
Nine months		
Revenue	1.88bn	1.65bn
Net profits	203.63m	168.52m
Net per share	5.02	4.19

MESA PETROLEUM

	1981 $	1980 $
Third quarter		
Revenue	92.7m	70.3m
Net profits	27.3m	16.7m
Net per share	0.35	0.24
Nine months		
Revenue	308.3m	285.6m
Net profits	83.2m	61.3m
Net per share	1.13	0.89

MORRISON-KNUDSEN

	1981 $	1980 $
Third quarter		
Revenue	550.9m	442.8m
Net profits	10.8m	9.01m
Net per share	1.08	1.04
Nine months		
Net profits	25.1m	10.3m
Net per share	2.49	2.37

MOTOROLA

	1981 $	1980 $
Third quarter		
Revenue	822.7m	743.2m
Net profits	39.6m	46.6m
Net per share	1.26	1.49
Nine months		
Revenue	2.48bn	2.3bn
Net profits	133.3m	136.9m
Net per share	4.24	4.39

NATIONAL CAN

	1981 $	1980 $
Third quarter		
Revenue	451.7m	462.8m
Net profits	13.17m	21.19m
Net per share	1.31	2.13
Nine months		
Revenue	1.2bn	1.2bn
Net profits	25.71m	45.89m
Net per share	2.62	4.59

NEW YORK TIMES

	1981 $	1980 $
Third quarter		
Revenue	205.6m	172.7m
Net profits	10.22m	7.99m
Net per share	0.82	0.66
Nine months		
Revenue	610.7m	530.3m
Net profits	36.39m	29.87m
Net per share	2.94	2.48

NORFOLK & WESTERN RAILWAY

	1981 $	1980 $
Third quarter		
Revenue	506.1m	375.8m
Net profits	82.7m	43.5m
Net per share	2.85	1.38
Nine months		
Revenue	1.31bn	1.15bn
Net profits	197.5m	160.8m
Net per share	6.08	4.81

NORRIS INDUSTRIES

	1981 $	1980 $
Third quarter		
Revenue	159.6m	136.9m
Net profits	8.82m	0.09m
Net per share	0.89	0.01
Nine months		
Revenue	497.8m	440.4m
Net profits	25.99m	13.66m
Net per share	2.66	1.40

PACIFIC LUMBER

	1981 $	1980 $
Third quarter		
Revenue	78.4m	70.1m
Net profits	15.73m	10.38m
Net per share	0.65	0.43
Nine months		
Revenue	237.0m	218.4m
Net profits	42.13m	31.85m
Net per share	1.74	1.32

PACIFIC RESOURCES

	1981 $	1980 $
Third quarter		
Revenue	302.2m	214.5m
Net profits	8.09m	4.19m
Net per share	0.53	0.34
Nine months		
Revenue	766.9m	601.4m
Net profits	7.5m	18.03m
Net per share	0.64	1.50

PENNZOIL

	1981 $	1980 $
Third quarter		
Revenue	663.7m	579.7m
Net profits	47.56m	65.73m
Net per share	0.91	1.34
Nine months		
Revenue	2.03bn	1.82bn
Net profits	166.8m	231.0m
Net per share	3.18	4.43

PFIZER

	1981 $	1980 $
Third quarter		
Revenue	619.1m	759.4m
Net profits	58.3m	67.2m
Net per share	0.78	0.92
Nine months		
Revenue	2.43bn	2.20bn
Net profits	197.8m	183.1m
Net per share	2.63	2.59

PITTSTON

	1981 $	1980 $
Third quarter		
Revenue	482.0m	366.2m
Net profits	26.36m	14.95m
Net per share	0.69	0.40
Nine months		
Revenue	1.59bn	1.43bn
Net profits	15.68m	60.37m
Net per share	0.41	1.61

PUBLIC SERVICE OF INDIANA

	1981 $	1980 $
Nine months		
Revenue	535.4m	455.4m
Net profits	104.4m	93.8m
Net per share	2.34	2.53

READING & BATES

	1981 $	1980 $
Third quarter		
Revenue	154.7m	107.0m
Net profits	26.43m	18.77m
Net per share	0.84	0.62
Nine months		
Revenue	390.2m	286.1m
Net profits	64.83m	49.37m
Net per share	2.09	1.73

H. H. ROBERTSON

	1981 $	1980 $
Third quarter		
Revenue	157.2m	138.5m
Net profits	8.03m	6.03m
Net per share	1.70	1.41
Nine months		
Revenue	456.9m	397.4m
Net profits	18.08m	10.41m
Net per share	3.90	2.44

SIGNODE

	1981 $	1980 $
Third quarter		
Revenue	166.4m	164.9m
Net profits	5.7m	7.76m
Net per share	0.70	0.98
Nine months		
Revenue	529.5m	520.4m
Net profits	22.56m	29.4m
Net per share	2.81	3.72

SQUIBB CORPN.

	1981 $	1980 $
Third quarter		
Revenue	497.9m	467.2m
Net profits	34.95m	44.37m
Net per share	0.70	0.92
Nine months		
Revenue	1.36bn	1.21bn
Net profits	75.62m	85.13m
Net per share	1.52	1.78

A. E. STALEY

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	458.3m	497.1m
Net profits	20.7m	31.2m
Net per share	0.82	1.47
Year		
Revenue	2.00bn	1.66bn
Net profits	105.8m	73.8m
Net per share	4.75	3.31

STERLING DRUG

	1981 $	1980 $
Third quarter		
Revenue	478.9m	458.5m
Net profits	36.0m	38.6m
Net per share	0.59	0.64
Nine months		
Revenue	1.36bn	1.25bn
Net profits	91.26m	93.47m
Net per share	1.50	1.55

TIGER INTERNATIONAL

	1981 $	1980 $
Third quarter		
Revenue	411.8m	338.1m
Net profits	†18.5m	11.23m
Net per share	†1.09	0.72
Nine months		
Revenue	1.22bn	953.6m
Net profits	5.43m	24.89m
Net per share	0.32	1.61

† Loss

TONKA CORPN.

	1981 $	1980 $
Third quarter		
Revenue	41.5m	36.7m
Net profits	4.53m	3.26m
Net per share	2.71	1.38
Nine months		
Revenue	63.0m	71.5m
Net profits	6.46m	3.08m
Net per share	3.88	1.87

TRACOR

	1981 $	1980 $
Third quarter		
Revenue	92.2m	77.1m
Net profits	5.0m	3.5m
Net per share	0.52	0.44
Nine months		
Revenue	271.6m	228.5m
Net profits	13.9m	10.0m
Net per share	1.49	1.31

UNION OIL CALIFORNIA

	1981 $	1980 $
Third quarter		
Revenue	2.67bn	2.63bn
Net profits	193.0m	122.0m
Net per share	1.11	0.71
Nine months		
Revenue	8.31bn	7.76bn
Net profits	555.4m	469.5m
Net per share	3.29	2.71

VULSAN MATERIALS

	1981 $	1980 $
Third quarter		
Revenue	213.1m	195.7m
Net profits	24.12m	19.87m
Net per share	2.06	1.72
Nine months		
Revenue	589.3m	554.5m
Net profits	61.32m	49.33m
Net per share	5.30	4.26

WILLIAMS COMPANIES

	1981 $	1980 $
Third quarter		
Revenue	478.6m	519.9m
Net profits	13.9m	25.1m
Net per share	0.46	0.91
Nine months		
Net profits	103.4m	106.9m
Net per share	3.46	3.91

WISCONSIN ELECTRIC

	1981 $	1980 $
Third quarter		
Revenue	275.1m	248.4m
Net profits	34.1m	30.9m
Net per share	1.46	1.39
Nine months		
Net profits	75.7m	68.4m
Net per share	3.15	3.02

YELLOW FREIGHT SYSTEM

	1981 $	1980 $
Third quarter		
Revenue	250.6m	183.9m
Net profits	0.44m	5.8m
Net per share	0.03	0.41
Nine months		
Revenue	699.9m	560.1m
Net profits	12.6m	14.9m
Net per share	0.90	1.05

ZENITH RADIO

	1981 $	1980 $
Third quarter		
Revenue	340.8m	323.7m
Net profits	6.1m	9.3m
Net per share	0.32	0.49
Nine months		
Revenue	923.0m	854.0m
Net profits	14.1m	20.0m
Net per share	0.74	1.06

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday November 11.

Closing prices on October 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
APS Fin. Co. 17½ 86	60	100	100½	—	—	17.16
CIBC 15¼ 86	75	95¾	96¼	0	−0¼	16.50
CIBC 16⅝ 91	100	98¾	98⅞	0	−0½	17.04
CNA 15½ 96	75	91	91½	−0¼	−0¾	16.84
Citicorp Int. Fin. 15 86	150	96¼	96¾	−0¼	−0¼	16.04
Citicorp O/S 15½ 84	175	99¾	99⅞	0	−0¾	15.56
Citicorp O/S 15⅝ 85	150	99¾	100¼	[illegible]	[illegible]	[illegible]
Cities Service 17 88	150	102½	103	−0¼	−0½	16.28
Con. Illinois 14½ 84	100	†95½	96	−0¼	−0½	16.67
CPC Fin. 16½ 86	50	102¼	102¾	−0½	−0¾	15.94
EEC 16¼ 93	65	90½	91	0	−0¾	16.54
EIB 16½ 88	100	98¼	98¾	−0¼	−0½	16.85
EIB 16¾ 91	100	97⅞	97⅞	—	—	17.26
Fed. Bus. D 15½ 84 (J)	40	98¾	98⅞	−0¼	−0¾	16.30
Finland Rep. of 9½ 86	100	†77½	78	+0¼	+0½	17.05
Ford Cr. O/S Fin. 16 83	150	97¼	97¾	−0¼	−0¾	16.81
GMAC O/S Fin. 14¾ 87	100	92¾	92⅞	0	−0¼	16.79
Gulf States O/S 17½ 88	60	100	100½	−0¼	−0½	17.41
Hiram Walker 16 86	50	97⅞	98¼	+0¼	−0½	16.56
IBM Wld Trade 14½ 84	100	100¼	100¾	−0⅛	−0½	14.40
IBM Wld Trade 14½ 85	60	100	100½	+0¼	−0½	14.59
Nat. Bk. Canada 15½ 84	40	†97	97½	+0¼	−0½	16.48
Nat. Bk. Canada 16½ 88	40	98½	98¾	—	—	17.63
New Brunswick [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ohio Edison Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific Gas Elec [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PSNH Int. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk. Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sth. California [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed Ex Cred [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto-Dom. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transcanada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wells Fargo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Winnipeg [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 16 86	210	97	97½	−0¼	−1¼	16.83
World Bank 16 88	60	97⅞	97⅞	−0½	−0¾	16.61
World Bank 16½ 88	130	98	98½	−0½	−1¼	17.03
World Bank 16½ 86	100	97⅞	98⅜	−0⅝	−1⅛	16.96

Average price changes...On day −0¼ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96⅞	97⅜	−0¼	−0¼	10.46
Austria, Rep. of 8¾ 92	150	88¾	89¼	+0¼	+1¼	9.94
CECA 7⅞ 92	150	85	86	+0⅛	−0¼	10.13
CECA 10 91	120	98¾	99½	0	+0½	10.13
Cll-Honeywell 6⅞ 93	125	97⅞	86	−0¼	−1	10.60
Council of Europe 10 91	100	96⅞	97⅜	0	−0¼	10.45
EIB 8½ 90	200	88½	89½	0	−1	10.49
EIB 10½ 91	200	99⅞	100⅜	−0¼	−0¾	10.44
ESCOM 9¾ 87	100	91⅞	92¾	+0⅛	+0¼	11.08
Finland, Rep. of 10 88	100	97¼	97⅞	+0¼	0	10.47
Iberduero SA 9 90	100	90¼	91¼	−0¼	−0½	10.66
Ind Bk Finland 8½ 90	50	89½	89⅞	−0¼	−0⅛	10.35
Int-Am Dv Bk. 10 91	100	98⅛	98⅞	−0¼	−0¾	10.24
Japan Air Lines 8½ 87	100	92½	93¼	+0¼	+0¼	9.76
Japan Dev Bk. 7⅞ 87	100	90¼	90⅞	+0½	+0¼	9.83
Kobe, City of 8 90	100	89½	90¼	0	−0½	9.79
Midland Int. Fin. 8½ 90	150	90⅛	90⅞	+0¼	−1	10.16
Nuclebras 9¾ 88	100	89	89¾	−0¼	−1¼	12.10
OKB 8¼ 92	150	97½	87⅞	−0¼	+0¼	10.21
Oslo, City of 8¾ 90	80	91½	92	−0¼	−0½	10.27
Renault Acc. 10¼ 85	150	98¼	99	+0¼	−0¼	11.11
Venezuela R. of 9¾ 90	150	93½	94¼	0	−0⅞	10.87
World Bank 8 90	700	86½	87½	−0¼	−0½	10.36

Average price changes. On day 0 on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	*†92	92½	−0¼	0	7.67
BFCE 6½ 91	100	*†91	91½	−0¼	+0¼	7.85
Bayer Int. Fin. 5¼ 92	100	*87	87¼	−0¼	−0¾	6.98
Belgelectric Fin. 7½ 91	100	†99¾	100	0	+0¼	7.76
Bergen, City of 6¾ 91	40	†96½	98¾	+0¼	+0½	7.25
CECA 6¾ 91	80	*92¾	93	−0¼	+0¾	7.83
Dome Petroleum 5¾ 91	100	†86¾	87	−0¼	−1¼	7.78
Dome Petroleum 7¼ 90	100	†99½	99¾	−0¼	−0¼	7.30
Elet. de France 5⅝ 90	100	*83¼	83½	+0¼	−0¼	7.92
Eurofima 5¾ 92	80	*†88	88½	−0¼	−0½	7.35
Finland, Rep. of 5⅝ 90	80	†85¼	85½	−0¼	−1	7.99
Franc. Petroles 6½ 91	60	†91½	91¾	+1½	+0⅞	7.78
Genstar 7 91	100	†100	100¼	0	+0¼	6.97
Int Amer. Dv Bk. 7 91	100	†93½	93¾	+0¼	−0¾	7.97
I/S Elsam 8½ 91	30	†101¾	102	—	—	8.22
Japan Dev. Bank 5⅞ 90	100	†92	92¼	+0¼	0	6.96
Mt Blanc Tunnel 5½ 90	60	†84	84½	−0¼	−0½	8.07
Neder. Gasunie 8 91	100	†103¼	103½	—	—	7.51
OKB 7 93	100	†97¾	98	+0¼	+0¼	7.27
Oslo, City of 8 91	100	†102	102¼	—	—	7.69
Swed. Ex. Credit 7¼ 91	75	†93¼	93½	+0¼	−0¼	8.28
Trade Dev. Fin. 6¾ 90	50	*†86	86½	+1	+0¼	9.37
Voest-Alpine 5¾ 90	80	†86	86¼	+0¼	0	7.98
World Bank 6 91	100	†88	88¼	0	+0¼	7.84
World Bank 7 90	100	†97¼	97½	0	+1	7.42
World Bank 8 91	100	†100½	100¾	—	—	7.91

Average price changes.. On day 0 on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅝ 91	15	96½	97½	0	+0½	8.71
Australia 6½ 88	20	85¾	86¾	0	0	9.47
EIB 7⅞ 89	12	93¾	94¾	0	0	8.81
Finland 8.8 88	10	86½	87¼	0	+0¼	9.57
Finland, Rep. of 8⅛ 87	15	96	97	0	−0½	9.16
New Zealand 8⅝ 87	15	96¾	97¾	0	−0¼	9.00

Average price changes On day 0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 CS	50	90	91	0	0	17.16
CIBC 11½ 85 CS	80	84	85	−0¼	0	17.43
Federal Dev. 11½ 90 CS	60	†76½	77½	+0½	+0½	16.64
Federal Dev. 17½ 88 CS	40	†99	100	0	+0½	17.90
Fst. Can. Inv. 10 84 CS	50	†85	86	0	0	17.41
GMAC (Can.) 18 87 CS	60	†104	105	0	0	16.72
Tordom Cpn. 15½ 85 CS	30	94	95	+0½	+1½	15.54

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Denmk 9 91 EUA	25	78¼	79¼	0	+0¼	12.82
SOFTE 8¼ 89 EUA	40	74½	75½	−0½	−1	13.50
U. Bk. Nwy. 9½ 90 EUA	18	80½	81¼	−0¼	−0¼	13.35
Algemene Bk. 10¼ 86 Fl	60	93¾	93⅞	−0¼	−0¼	12.18
Amro Bank 12 86 Fl	75	98⅞	99¼	+0¼	−0¼	12.21
Heineken NV 10 87 Fl	100	92¼	92¾	−0¼	−0½	11.65
Nat. Nedrlndn. 10 88 Fl	60	94¼	94¾	+0¼	+0½	11.28
Ned. Midd. Bk. 10 85 Fl	75	95½	95¾	−0¼	+0½	11.44
Pierson 10¼ 86 Fl	50	92½	93	−0¼	−0¾	12.47
Rabobank 12 86 Fl	50	99¾	100¼	0	−0¼	11.85
Air France 14½ 86 FFr	200	91½	92¾	+0¼	+0¾	17.06
Bk. America 14½ 85 FFr	250	91¾	92¾	+0¼	+0½	17.04
Charb'nages 13¾ 85 FFr	400	91	92	0	+0¾	16.84
EIB 14½ 86 FFr	300	87	88	+0½	+1¼	17.54
La Redoute 14½ 85 FFr	125	89¼	90¼	+0½	+1	17.78
OKB 14 86 FFr	400	91	92	+0½	+0¼	16.55
Solvay et C. 14¾ 86 FFr	200	90½	91½	+0½	+0¾	17.76
Swed. E Cr 14¾ 86 FFr	250	89¼	90½	+0½	+0¾	18.02
U. Mex. Sts. 14 85 FFr	150	91½	92½	+0½	+0½	17.10
Acona 14 85 £	20	89½	90¼	0	−0¼	17.64
Beneficial 14½ 90 £	20	80	80½	−0¼	−0¼	18.89
BNP 13½ 91 £	15	82¼	83¼	−0½	−0½	17.21
CECA 13½ 88 £	20	84¾	85½	−0¼	−1¼	17.36
Citicorp O/S 13½ 90 £	50	85½	86¼	−0½	−1	16.73
Fin. Ex. Cred 13½ 86 £	15	88½	89½	−0½	−0½	17.28
Gen Elec Co [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privatbanken [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. Rothschild [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. [illegible] £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo [illegible] LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BBL Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5½ 88	‡0¼	99½	99⅞	29/10	18.81	18.88
Christiana Bk. 5½ 91	‡0¼	98¾	99½	5/11	19.19	19.41
Co-Ban Eurofin 5½ 91	0¼	98½	99¼	14/4	16.69	16.96
Co-operative Bk. 6 86	0¼	99½	99¾	15/11	19.56	19.69
Den Norske Credit 6 90	‡0¼	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0¼	99½	100	20/10	16.94	16.96
Genfinance 5¼ 92	0¼	99½	100	30/12	18.31	18.36
Giro und Bank 5¼ 91	‡0¼	98¾	99½	23/12	17½	17.65
GZB 5¼ 92	‡0¼	98¾	99¼	5/12	17¼	17.42
Ind Bank Japan 5¼ 88	0¼	99¼	99¾	9/4	16⅝	16.71
Lloyds Eurofin 6 90 £	0¼	96⅝	97	6/1	13⅝	14.10
Lloyds Eurofin 5¼ 92	0¼	98⅞	99½	4/12	17.44	17.59
Lloyds Eurofin 5¼ 93	0¼	98¾	99½	29/10	5¼	5.31
LTCB Japan 5¼ 86	0¼	99½	100¼	13/12	17¼	17.27
LTCB Japan 5½ 89	0¼	99¼	99⅝	16/1	18.32	18.33
Man. Hanov. O/S 5¼ 94	‡0¼	99½	100¼	30/11	19⅛	19.40
Midland Int. Fin. 5¼ 92	0¼	98⅞	99¼	5/12	17½	17.51
Midland Int Fin 5 91	0¼	98⅞	99¼	30/10	16.81	17.00
Nacional Fin. 5½ 88	0¼	98	98½	25/3	17.31	17.62
Nat. Bk. Canada 5¼ 88	0¼	99¼	99¼	24/3	17.31	17.40
Nat. West Fin. 5¼ 91	§0¼	99½	99¾	15/1	18⅛	18.24
Nat West Fin. 5¼ 92	§0¼	99½	99¾	23/10	16.61	16.96
Pemex 6 91	0¼	97½	98	8/4	17	17.39
Pemex 5¼ 88	0¼	97½	98½	14/2	18.61	18.22
Sanwa Int Fin. 5¼ 88	0¼	99	99½	24/3	17¼	17.38
Societe Generale 5¼ 91	0¼	98¾	99½	22/1	16⅝	16.24
Sparebanken 6 87	0¼	98½	99½	15/12	16.81	17.00
Svenska Hndlsbk 5 87	0¼	99⅞	100¼	15/1	16½	16.15

Average price changes On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	90½	91½	−2½	−0.46
Bow Valley Inv 8 95	4/81	23.12	92	93½	−1	40.17
Canon 6¾ 95	1/81	629	109	110½	−7	−0.21
Daiwa Secs 5½ 96	12/81	539	72	74	+0½	0.44
Fujitsu 4½ 96	10/81	6770	94½	96½	−1½	11.14
Furukawa Elec. 5¼ 96	7/81	300	102½	103½	0	6.57
Hanson O/S Fin. 9½ 96	8/81	2.74	†80	81	0	1.64
Hitachi Cred. Cpn. 5 96	7/81	1966	77½	79¼	−2¼	10.76
Inchcape 8 95	2/81	4.55	54	55½	−0¼	25.50
Kawasaki 5½ 96	9/81	229	81½	83½	−2½	4.36
Marui 6 96	7/81	931	83	84½	−1	2.31
Matsushita El. 7½ 95	11/80	590	76½	77¾	−0½	−1.15
Minolta Camera 5 96	10/81	909	72	73½	−2½	12.46
Murata 5¼ 96	7/81	2130	72⅞	74½	−3¼	−5.16
NKK 6½ 95	7/81	186	90	91½	−2¼	−5.90
Nippon Chemi-C 5 91	10/81	919	76	78	+0¼	1.42
Ricoh 6½ 95	6/80	684	109⅞	111⅞	−5⅞	−2.49
Sanyo Electric 5 96	10/81	652	81½	83	−1½	13.24
Sumitomo Met. 5¼ 96	10/81	305	75⅞	77½	−4½	2.40
Swiss Bk Cpn 6¼ 90	9/80	200	†70	72	0	22.52
Taylor Woodrow 8½ 90	1/81	4.94	72	73	−0½	1.34
Transco Int. 8¾ 95	2/81	66	73¼	75¼	−0¼	21.34
Tricorp 6½ 95	12/80	31.25	68¼	69¼	0	22.34
Union Bk Switz 5 89	2/80	70.79	†74½	76½	−0½	11.83
Sharp Cpn 6½ 88 DM	9/80	591.8	156⅝	157⅞	+2½	−2.16
Uny Co. 6½ 85 DM	11/79	379.3	101½	102⅞	+0¼	−0.71

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SSIH sees sharp reduction in loss

BY BRIJ KHINDARIA IN GENEVA

THE BELEAGURED Swiss watch making group, SSIH, expects to hold its losses down to less than SwFr 62m in the year ending March 1982, compared with a SwFr 142m loss previously.

At the bi-annual press conference, SSIH said measures taken to pull the group out of its troubles "seemed to be bearing fruit." A new line of Omega and Tissot watches is selling well and SSIH is now much leaner after a reduction of 800 in the workforce.

SSIH's losses forced the six large Swiss banks to take ownership of 95 per cent of the company earlier this year. As part of the rescue, the banks wrote off SwFr 100m of debt and took up SwFr 100m in new equity. They offered a further SwFr 100m of loans to SSIH.

Omega, the largest company within SSIH, has reduced its line of watches from 12 to four. The cutbacks have freed some of Omega's high precision equipment, allowing the company to move into the field of machines used to make integrated circuit chips.

The diversification into machines results from an agreement with Censor, an engineering and research firm based in Vaduz, Lichtenstein, which has developed a machine to build microchips using a photo lithographic process. Censor has been searching for a partner for some time.

Omega officials were unable to provide figures for the level of profits expected from the venture. Censor has invested SWFr 20m into the machine, and Omega does not expect to bear any major new production costs.

Most of SSIH's 15 sales affiliates in Europe, Asia and North America are still sustaining large losses, but Mr Paul Beter, marketing director, said they should be back in the black by the end of 1983.

SSIH remains committed to co-operation with Asuag, the other major Swiss watch conglomerate which makes Longines watches. A study group, which is analysing future collaboration with Asuag in such areas as research and the sharing of components, should complete its work by next spring.

Mr Peter Gross, who is the SSIH chairman and is also president of the Union Bank of Switzerland, denied press reports that the Government and the Swiss National Bank were putting pressure on SSIH to merge with Asuag. SSIH is still analysing its options.

But Mr Ulrick Spycher, SSIH technical director, did not rule out an end to independent manufacture of components by SSIH, although there is no such immediate prospect. SSIH may stop its manufacturing activities if it proves more economic to purchase from Asuag.

Harvester to trim Enasa outlay

BY ROBERT GRAHAM IN MADRID

INTERNATIONAL Harvester's commitment to revitalise Enasa and install a new engine plant in Spain remains unaffected by Harvester's current financial problems, although it is looking for ways to trim its $200m investment in the Spanish truck producer.

This is the upshot of a recent visit here by Harvester executives, according to Mr Carl Levy, who was brought in by the U.S. group to run Enasa.

Over the next five years the state holding company, INI, and Harvester had planned to invest about $500m in Enasa and the new engine plant. This figure is now likely to be trimmed to around $400m. However, Mr Levy insists that none of the original industrial objectives will be altered.

Under an agreement signed in September 1980, INI first acquired full control of Enasa, then offered 35 per cent of the equity for a nominal price to Harvester. The U.S. group was given the option to gain full control over three years, but was allowed to have immediate control of the management on the understanding that it would provide all Harvester expertise.

INI, meanwhile, agreed to cover losses from existing Enasa activities for three years. Losses this year are expected to be slightly higher than last years Pta 10bn ($103m).

Another part of the agreement provided for the establishment of an engine plant to produce 80,000 units a year, geared primarily for export. INI and Harvester have formed a separate company for this purpose with the capital ratio reversed—Harvester 65 per cent and INI 35 per cent.

Land has been bought at Torrejon, near Madrid, close to Enasa's existing plant in the capital. This will enable the transfer of up to 1,500 workers, substantially reducing existing surplus labour capacity at the Madrid plant.

To absorb excess labour at Enasa's Barcelona plant, about 500 new jobs are being created in the design and production of a special vineyard tractor. This one-metre wide vehicle has a planned production of 6,000 units and will be also export orientated, especially for France, West Germany and Italy.

The main emphasis since Harvester's arrival has been reorganisation of management. Mr Levy joined Enasa in January from Ford, where he was responsible for setting up the latter's $600m project at Almusafes, near Valencia. About 20 Americans have been recruited and the new management team has been operating since September.

AEG in power tools link with Peugeot

By Kevin Done in Frankfurt

AEG-TELEFUNKEN, the financially ailing West German electrical and electronics group, is to co-operate with Peugeot of France in power tools as part of its continuing search for industrial partners. AEG said yesterday it had reached agreement with Peugeot on the exchange of certain products.

As a further stage, AEG is examining the possibility of splitting its power tools activities into an independent company for which it would then seek an outside shareholder. Peugeot appears the obvious candidate.

For several months AEG has been seeking a series of co-operation ventures to try to underpin its manufacturing activities and to help overcome its financial weaknesses.

Two years ago the group was only saved from financial collapse by the intervention of a consortium of leading West German banks. It is now seeking further support from the banks to carry it through to the end of 1983. A decision on a financial package is expected on Friday.

Eight-month advance at Skanska

By Westerley Christner in Stockholm

SWEDEN'S Skånska cement construction group reports a pre-tax profit of SKr 475m ($84m) in the first eight months of this year, a SKr 81m advance on the corresponding 1980 period.

Consolidated sales rose to SKr 6.4bn from SKr 5.8bn. Volume of orders on-hand for group companies in the construction sector fell back to SKr 8.1bn from SKr 8.4bn. About 29 per cent of orders on-hand were generated in markets abroad, unchanged from the same period last year.

For this year as a whole Skanska gives a more definite forecast for pre-tax earnings in a report just released than was provided in the 1980 shareholders' report. It predicts 1981 earnings before taxes to reach SKr 710m, exceeding last year's profit by SKr 100m.

● Papyrus, the pulp and paper group, reports a shortfall in pre-tax earnings for the first eight months of this year to SKr 58.9m ($10.6m) from SKr 69.8m. Turnover rose to SKr 1.57bn from SKr 1.46bn.

Profitability has been "negatively affected" by high raw materials costs. Production of electrical power from the company's hydro-electric station interests is said to have been satisfactory.

Enka factory closure faces legal objections

BY CHARLES BATCHELOR IN AMSTERDAM

ENKA, the loss-making fibres division of the AKZO chemicals group, has run into legal objections to its plan to cut capacity in the Netherlands. A Dutch court has ruled that Enka may not close its polyester filament yarn factory in Breda next month.

In rejecting the advice of the plants works council, Enka took insufficient account of all the interests involved, the business chamber of the Amsterdam District Court said. The works council earlier this year advised against closure.

In reaction to the court judgment, Enka said it could not reduce its losses if it was not able to carry out its reorganisation plan. This would endanger jobs in the entire group and mean there would be no money for new projects.

The court's ruling means that Enka must reopen negotiations with its workforce over how to solve its overcapacity problem. The judgment supports the workforces' view that closure of the Breda factory, where 600 are employed, is too drastic a measure.

● An appeal judge has ruled that a lower court was "premature" in ordering Ford to keep open its loss-making truck assembly plant in Amsterdam.

Ford Nederland announced in April that it planned to close the plant with a loss of 1,325 jobs. Ford has still to make a formal announcement of its closure plan. It must then wait a month to consult its works council and the union could again appeal against the decision.

However, Ford has said it will not provide any funds to its Dutch subsidiary after November 30 and bankruptcy is then likely.

Severe setback at Statsforetag

By Our Stockholm Staff

STATSFÖRETAG, the Swedish state holding company, suffered a sharp deterioration during the first eight months of this year, returning a pre-tax loss of SKr 388m ($68.6m), compared with a loss of SKr 62m.

For this year as a whole the company expects a loss of around SKr 600m, against a SKr 261m profit. Because of the 10 per cent krona devaluation last month, Statsföretag forecasts an additional SKr 240m in currency exchange losses during the final four months, after losses on currency translation of SKr 262m in the opening eight months.

Net group financial charges rose to SKr 593m from SKr 314m, and state support for covering thet financial costs jumped to SKr 315m against SKr 47m. Currency losses aside, the eight-month loss was blamed on a contained worsening of the economic climate and weak demand for steel, iron and petro-chemicals.

Sales for the eight months improved by 7 per cent to SKr 9.5bn, and for the year as a whole growth in turnover of a tenth is expected.

Svenska Petroleum aid request

BY OUR STOCKHOLM STAFF

SVENSKA PETROLEUM, the state-owned Swedish oil company, is seeking an additional SKr 50m ($9m) from the Government to cover its losses and to avoid technical liquidation. Last week the company had sought SKr 600m, and it may ask for further cash, according to an Industry Ministry official.

The company's problem has been the dual purpose imposed on it—it has to secure Sweden's crude oil supplies by concluding long-term contracts and at the same time operate as a commercial business. Last year it reported a SKr 388m pre-tax loss.

APPOINTMENTS

Thomson British Holdings

Mr Bill Ritchie will be joining THOMSON BRITISH HOLDINGS as group financial controller on November 2. He replaces Mr John Gill who has moved to International Thomson Holdings in New York. Mr Ritchie has worked for Simon Engineering for the past 13 years.

★

Mr Brian Shepherd, assistant general manager (International) Midland Bank, has been appointed to the Simplification of International Trade Procedures Board (SITPRO). The board was set up in June 1970 to "guide, stimulate and assist the rationalisation of international trade procedures and the documentation and information flows associated with them."

★

Mr Trevor Postlethwaite has been appoineted vice president of INTERGRAPH EUROPE INC.

★

Mr Phillip H. A. Purdie has been appointed insurance manager *in charge of all insurance* and P and I matters within FURNESS WITHY (SHIPPING). At the same time the title of the department has been changed from P and I to Insurance. The previous P and I manager, Mr D. C. Meadowcraft, who has reached retirement age, will be remaining until January as insurance adviser.

★

Mr Colin Lewin has been appointed director and general manager of THE POWER EQUIPMENT CO., London-based manufacturer of business machine silencers, and a member of the Halma Group.

★

Mr Peter Wyles has been appointed technical director of NEWAGE ENGINEERS, part of the Charterhouse Group. He joined the company as an apprentice 27 years ago.

★

Mr David M. Norbury has been named to the new post of director-UK freight services sales for freight forwarder THOMAS MEADOWS & CO.

★

Mr C. A. Sinclair will retire from his position as chief surveyor of the SALVAGE ASSOCIATION after 26 years' service. Mr Alexander Galloway will be his successor.

★

Mr Guy-Francois Caunegre becomes director, commercial operations at KARRIER MOTORS. Former director of truck manufacturing ... Dunstable, Mr Bill Holmes has been named director of industrial operations. Mr Mike Morrison has been made director of manufacturing. Initial appointments within the commercial division have also been announced. Mr Nick Buckley has been named director of marketing, while Mr Cyril Corke takes on the job of sales director.

★

VENDUCT, *Leicester-based* manufacturer and installing contractor of ductwork and associated equipment is now operating independently from former parent company Young Austen & Young, while remaining a member of the UK building division of the Trafalgar House Group. Mr Brian Yates has been appointed managing director and moves over from Simms Sons & Cooke (Northern), Nottingham builder, where he was a director.

★

The CPD in Construction Group, which represents the collective efforts of the construction professions for *continuing professional development*, has chosen its first president, Sir Henry Chilver who is vice-chancellor of the Cranfield Institute of Technology. He is a non-executive director of a number of companies and has been chairman of the Post Office.

★

Mr Denis Lyons, managing director of Heidrick and Struggles International, has been appointed to the HEIDRICK AND STRUGGLES, INC., group operating board. The company has also made two appointments in its UK practice. Mr Antony Braithwaite has joined the London office and Mr Brian Gordon is joining the Leeds office.

★

Mr David Phillips has been appointed a director of POINTON YORK (Pension and Employee Benefits) and of PA Trustees. Pointon York has retained Mr Eric Brunet as consulting actuary.

★

Mr Brian Tatch (Clay and Partners) has been elected chairman of the ASSOCIATION OF PENSIONEER TRUSTEES with Mr Derek Thomas *(Christian Morgan) as secretary* and Mr David Johnson (Duncan C, Fraser) as treasurer.

★

PYKE (HOLDINGS) states that Mr A. J. Pyke has decided to resign as director and secretary from October 31. Mr J. E. Lazarus has been appointed secretary from November 1.

OVERSEAS

Mr William Michael Brown, of London, has been elected to the board of FRED. S. JAMES AND CO., an international insurance brokerage firm of New York. He is group executive vice-president of International Thomson Group, which is co-owners with James of Wigham Poland Holdings. Mr Charles A. O'Malley relinquished his post as chairman of the executive committee, and Mr Leo C. Havey, vice-chairman of the board, was elected to fill this position.

★

Mr George E. Light has been named managing director, AMOCO CHEMICALS, Europe, in Geneva. He replaces Mr Ralph M. Winters, who recently was named vice-president, marketing, fibre, and film intermediates for Amoco at the company's Chicago headquarters.

★

Following completion of the acquisition by Ready Mixed Concrete of a 49 per cent interest in RHEINISCH-WESTFAELISCHE KAIKWERKE, a West German lime and limestone aggregates and ready mixed concrete producer, the following appointments have been made to the supervisory board of RWK: Mr John Camden, chairman of the board and managing director of Ready Mixed Concrete, who will act as chairman of the supervisory board; Dr Bruno Baumgarten, member of the board of Ready Mixed Concrete and chairman of the supervisory board of *Readymix AG fur Beteiligungen*, Ratingen; and Dr Hermann Warmke, chairman of the managemnt board of Readymix AG.

★

Dr Ron Aurell has been appointed president of POYRY-BEK, North Carolina, U.S. He continues as a director and member of the advisory board of the Jaakko Pöyry group in Helsinki. Dr Hannu Paulapuro has been appointed process and technology consultant of Pöyry-Bek.

CONTRACTS

£2m cranes for newsprint ship

A. JOHNSON AND CO. (LONDON) has won an order worth over £2m from the Swan Hunter shipyard of British Shipbuilders for two 25-ton gantry cranes. Called Type "A" Hagglund cranes they will be installed *aboard an 18,400 dwt newsprint* carrier being built at the Swan Hunter yard for Norwegian owners. A large part of the crane fabrication work will take place in the Newcastle area, thus ensuring that the maximum possible benefit from the shipyard's success in gaining the main contract remains in the area. *Hagglund* cranes are designed to meet the customer's specific requirements, and over 100 such cranes of 20, 25, 30 and 40-ton capacity are already in service throughout the world. The two Type "A" cranes, which run on rails attached to the deck of the ship, are provided with weather protection, and also special lifting devices to enable the hatch covers to be lifted into and out of position. A. Johnson and Co. (London) is a member of the worldwide Axel Johnson Group.

★

INTERNATIONAL COMPUTERS has a £500,000 order for *System 25 from clothing transport* company Tibbett and Britten. The order is for 11 Systems 25 together with an ME29 computer for installation at various depots throughout the UK. Tibbett and Britten carry over 140m garments per year.

★

Mono Containers, part of the Autobar Group, has ordered two Brown Thermoline systems worth £500,000 for the production of a range of packaging products. The Brown Thermolines are to be made by DANIELS ENGINEERING, Stroud.

★

TRADE INDEMNITY, credit insurance underwriter, has ordered an ICL 2956 computer system worth £750,000. The new computer will replace Trade Indemnity's existing computer, an ICL 2904, and take over work that is currently run on a computer bureau. Following integration of the present system, all of Trade Indemnity's computer operations will be centralised in-house.

★

The £640,000 first phase of a possible £1m contract to supply advanced navigation systems to Bristow, the leading helicopter operator, was announced today by RACAL-DECCA NAVIGATOR. Most of the initial order is for Racal-Decca's latest R-NAV system and new MK 32 Decca *navigator receivers*. The equipment will be fitted to Bristow Tiger Helicopters, a modification of the Super Puma. Most of the Tigers will be based at Aberdeen on oil rig support operations.

★

Described as a sophisticated curtain walling system for a large building project for Plessey in Liverpool is JONWINDOWS' contract, valued at about £500,000. This will replace the seven-storey building's existing concrete and steel facade, incorporate solar control double-glazed units which help to regulate the internal environment and which are manufactured by the company's specialist Twinguard production team. Characteristic of the system is the pvc thermal break within the mullion and transome construction which helps to reduce internal condensation.

★

EASAMS (member of the *GEC-Marconi group of companies*) has been awarded the Post Design Support contract for the Royal Navy's gun system automation mark 1 (GSA1). Under the direction of the Director of Surface Weapons Projects (Navy) EASAMS is to be responsible for the post design support of the GSA1 and its associated hardware and their integration with other ship systems. The contract also calls for systems engineering services, for some other weapon systems in service, to be provided.

EASAMS has been responsible for many years for the theory and testing of the fire control software used with the 4.5 in Mk 8 gun fitted in the Royal Navy's latest class of destroyer—the Sheffield Class and HMS Bristol. These destroyers rely on a sophisticated computerised system to control the 4.5 in Mk 8 Vickers gun and other weapons so that adequate defence is available against threats posed by *enemy forces*.

★

Recently supplied for use throughout *the* Wembley Conference Centre is £25,000 worth of Abbeydale pattern stainless cutlery from VINERS to ARA Leisure. Over 18,000 pieces of steel cutlery from VINERS to ARA Leisure. Over 18,000 pieces of cutlery and coupes are involved, badged with ARA's new insignia, for use in general catering areas, banqueting and in the squash centre restaurant.

INTL. COMPANIES & FINANCE

Singapore bankers seek easing of trading rules

BY KEVIN RAFFERTY, RECENTLY IN SINGAPORE

SINGAPORE'S BANKS and finance houses will this week press the Government to initiate sweeping changes in the country's banking laws which would enhance Singapore's reputation as a financial centre. Some bankers are keen to narrow the gap between Singapore and Hong Kong, others are worried about the emergence of Tokyo as a rival centre as Japan lifts restrictions.

Among the measures which the bankers will suggest to Dr Tony Tan, the Minister of Trade and Industry, are:

- Taxation and other incentives to help the growth of Singapore as a fund management centre. Corporation tax rates in Hong Kong at 16.5 per cent are much lower than the 40 per cent in Singapore. In addition, money remitted from abroad escapes tax in Hong Kong. The banks want offshore income for authorised unit trusts or investment companies to bear the same 10 per cent concessionary rate of tax as Asian currency units.
- Changes in the classifications of bonds, notes and floating rate certificates held by banks to offer more flexibility in asset management.
- Lifting of the limitations on lending for property developments
- Abolition of tax or low tax rates on interest earned through bank deposits
- Lowering of the banks' liquidity ratio from 26 to 16 per cent
- Raising of the threshold at which a company must make a general bid for another company to 30 per cent ownership rather than 20 per cent
- Permission for a company already owning more than 20 per cent but less than 50 per cent of another concern to increase its stake by up to 5 per cent every 12 months rather than the present 2 per cent without triggering the obligation of a general bid
- Permission for banks to enter the stockbroking business.

In the last year or so the Singapore Government has shown new concern to extend the range of the country's financial services. It has allowed foreign legal firms skilled in international financing to open in Singapore, even against strong local opposition. But it remains to be seen whether it will be prepared to open the banking scene to keener competition.

Finance houses have also made their own proposals to the Minister. These include the suggestion that finance houses be allowed to deal in gold and foreign exchange. Some finance houses would also like to see a process under which they could obtain full banking licences.

One banker said: "We should like to see more competition and the ending of restrictions which is surely better for Singapore." But the local financial community is sanguine about what success it will have. Many of the suggestions have been made before but rejected.

The proposals have already been sent to the Minister. They will be discussed this week as part of a series of meetings leading up to next year's budget which Dr Tan will present. The minister was a banker and general manager with the Oversea-Chinese Banking Corporation, one of Singapore's big five banks, before he entered politics.

Although Singapore lays great store by its international financial centre and has a reputation for efficiency, its banking system has been carefully structured. Funds available for deposit are much less than the high per capita income levels might suggest because of the compulsory deductions from wages and salaries by the Government Central Provident Fund which provides the money to support government housing and other schemes. These deductions add up to more than 40 per cent of total wages.

In addition, the Post Office Savings Bank is able to attract a big share of ordinary savings because interest earned by depositors are tax free. Foreign banks are restricted by being unable to open new branches or even to shift existing branches without permission.

Offshore banks are also handicapped by being unable to take local deposits which, they complain, means they are unable to participate fully in syndicated loans which they might arrange for local concerns.

Brisk demand lifts Hitachi in first half

BY YOKO SHIBATA IN TOKYO

HITACHI, Japan's leading manufacturer of integrated electrical machinery, lifted parent company operating profits by 17 per cent to Y67.5bn ($290m) in the half year to September 30, reflecting brisk demand for computers, semiconductors and video tape recorders (VTRs). Net profits were 11 per cent higher at 33.01bn on sales of Y1,032bn ($4.44bn), up 6 per cent over the same period of 1980-81. Profits per share improved to Y12.23 from Y11.99.

Of total revenue, 28 per cent came from electronics products, 14 per cent up on the previous year, thanks to doubled shipments of large scale computers, and higher production of super LSIs.

The company leads the market in the production of the 64K RAM in Japan with a monthly output of 700,000 units. This is offsetting the weak market of the 16K RAM in which Hitachi's monthly production totals 1m. The highest sales growth, at 17 per cent, came in consumer products, led by doubled shipments of VTRs to 100,000 units a month. Monthly output of VTRs is to be lifted to 150,000 units by the end of this year.

With good demand for industrial robots, sales of the industrial machinery and plant division rose by 4 per cent to account for 12 per cent of the total. A slowdown in public work investment hit sales of power systems and equipment, including nuclear power generating equipment. Sales of this division fell by 8 per cent to 21 per cent of the total.

The company says the improvement in earnings came from efforts to increase the proportion of profitable electronics products, including VTRs, in its product mix.

Hitachi expects a further boost from VTRs and electronics in the current half-year. Orders received in the first half year rose by 15 per cent.

The company's full-year capital spending is projected at Y80bn, up 21 per cent from 1980-81. Of the total, the company plans to invest Y28bn in the production expansion of the 64K RAM.

Full-year operating profits are expected to reach a record Y135bn, up 14.6 per cent, on sales of Y2,200bn, up 13 per cent. The interim dividend is Y3 and an increase from Y3 to Y3.5 is forecast for the final. Last year's interim payout of Y4 included a special payment of Y1 to mark the company's 70th anniversary.

U.S. groups plan Samurai bond issues

By Charles Smith in Tokyo

TWO U.S. COMPANIES, Dow Chemical and NCR Corporation are expected to issue unsecured yen-denominated bonds in the Japanese capital market next year.

The NCR issue, according to Yamaichi Securities which expects to be lead manager, will be worth Y20bn and will be floated in March. The Dow Chemical issue is due in January and will be managed by Nomura Securities. Nomura, however, said that final approval of the issue application was still pending.

Issues on the Tokyo Samurai market take place at the rate of between two and three per month with the total usually amounting to about Y50bn. The majority of borrowers are governmental bodies or international financial institutions.

The Samurai market is theoretically attractive to American corporate borrowers because of Japan's low interest rates. However, waiting time usually extends well beyond the quarterly time scale in which American corporations are required to take financing decisions.

American corporate interest in the Samurai market also tends to vary according to the borrower's assessment of the future yen exchange rate.

Dollar very firm

Dollar rose quite sharply in fairly active foreign exchange trading yesterday amid reports of intervention by several European central banks to support their respective currencies. Short-term Eurodollar interest rates were slightly easier but longer term rates showed a firmer trend, although the good demand for the dollar may have partly reflected nervousness about political events in Europe. The higher than expected Budget deficit in West Germany for 1982, and doubts about the British Government's ability to hold down public spending next year contributed to the movement into the U.S. currency, while events in Poland continue to cause concern.

Sterling lost ground to the dollar, but rose against Continental currencies and recorded a slight improvement on a trade-weighted basis.

European currencies were weak against the dollar, with the D-mark, weakest member of the European Monetary System, falling outside its official divergence limit, where the Bundesbank is expected to take action to support the unit. The central bank sold currencies yesterday, including Danish krone, the strongest member of the system.

DOLLAR — trade-weighted index (Bank of England) rose to 110.5 from 109.3. The U.S. currency rose to DM 2.3090 from DM 2.2740 against the D-mark; to FFr 5.80 from FFr 5.7075 against the French franc; to SwFr 1.9160 from SwFr 1.8895 in terms of the Swiss franc; and to Y236 from Y232.20 against the yen.

STERLING — trade-weighted index (Bank of England) rose to 88.1 from 87.9, after opening at 88.4 and easing to 88.2 at noon. The pound opened at $1.8150-$1.8160, and fell to a low of $1.7975-1.7985, where the Bank of England probably gave support. It touched $1.80 again in the afternoon, and closed at $1.8045-1.8055, a fall of 1.62½ cents on the day.

D-MARK — Weakest member of the European Monetary System following the recent currency realignment and now close to its divergence limit, which should help prevent earlier strains on the EMS if the D-mark suddenly improves against the dollar. Although little changed from a month ago the German currency has lost ground to the dollar lately, reflecting not only high U.S. interest rates but a less favourable economic outlook for Federal Republic next year. Inflation continues to rise and GNP projections have been revised downwards — Concern about the German Government's Budget problems and further tension in Poland continued to depress the D-mark against the dollar at the Frankfurt fixing.

FRENCH FRANC—The recent EMS reshuffle which resulted in a devaluation of the French franc has helped to remove upward pressure on French interest rates. Domestic money market rates have been cut and Euro French franc rates have fallen sharply. Current D-mark weakness is keeping economic fundamentals in the background, while the market has not yet responded to the narrowing of interest rate differentials between Paris and Frankfurt — The franc lost ground to most major currencies at the Paris fixing, including the D-mark which rose to FFr 2.5079 from FFr 2.5077. The German currency fell to its EMS intervention point of FFr 2.5050 during the morning, however, but improved later as several European central banks intervened in the market, mainly to take the upward pressure off the dollar, which rose to FFr 5.8100 from FFr 5.7210 at the fixing. French money market rates continued to decline, with call mocy falling to 15⅝ per cent from 16 per cent, the lowest since May 13.

THE DOLLAR SPOT AND FORWARD

Oct 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7975-1.8190	1.8045-1.8055	0.15-0.05c pm	0.66	0.17-0.07 pm	0.26
Ireland†	1.5250-1.5325	1.5260-1.5310	0.40-0.25c pm	2.54	0.90-0.60 pm	1.95
Canada	1.2065-1.2082	1.2076-1.2079	0.36-0.40c dis	−3.77	0.81-0.86dis	−2.76
Nethlnd.	2.5450-2.5580	2.5450-2.5500	0.65-0.55c pm	2.82	2.10-2.00 pm	3.21
Belgium	38.45-38.66	38.53-38.55	15-18c dis	−5.14	37-41 dis	−4.05
Denmark	7.4000-7.4430	7.4000-7.4100	par-0.30ore dis	−0.24	par-⅜ dis	−0.20
W. Ger.	2.3025-2.3250	2.3085-2.3095	0.96-0.91pf pm	4.86	2.85-2.80 pm	4.88
Portugal	65.75-66.25	65.75-66.00	45-200c dis	−22.23	65-345dis	−12.40
Spain	98.25-98.65	98.33-98.38	7-15c dis	−1.28	25-40 dis	−1.32
Italy	1223-1226	1223-1224	6-7lire dis	−6.37	19-21 dis	−6.53
Norway	6.0450-6.0700	6.0450-6.0550	1.60-1.20ore pm	2.78	4.00-3.60 pm	2.51
France	5.7850-5.8250	5.7975-5.8025	0.30-0.60c dis	−0.93	1.50-2.10dis	−1.24
Sweden	5.6400-5.6650	5.6450-5.6550	1.20-1.05ore pm	2.39	11.7-11.4pm	8.18
Japan	235.50-236.75	235.95-236.05	1.90-1.75y pm	9.28	5.25-5.10 pm	8.77
Austria	16.13½-16.23	16.15-16.16	8-6½gro pm	5.38	18¼-14 pm	3.99
Switz.	1.9135-1.9335	1.9155-1.9165	0.75-0.65c pm	4.38	2.45-2.35pm	5.01

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7975-1.8190	1.8045-1.8055	0.15-0.05c pm	0.66	0.17-0.07 pm	0.26
Canada	2.1725-2.1950	2.1795-2.1805	0.42-0.52c dis	−2.59	1.25-1.45dis	−2.48
Nethlnd.	4.59-4.63	4.59½-4.60½	1½-1c pm	3.26	4¼-3¾ pm	3.48
Belgium	69.40-70.10	69.50-69.60	23-33c dis	−4.83	65-75 dis	4.02
Denmark	13.36-13.45	13.37-13.39	1⅛-⅜ore pm	0.78	⅜ pm-⅜ dis	—
Ireland	1.1720-1.1800	1.1730-1.1760	0.11-0.27p dis	−1.94	0.38-0.63dis	−1.70
W. Ger.	4.15-4.20	4.16¾-4.17¾	2⅛-1⅝pf pm	5.40	5½-5 pm	5.03
Portugal	118.50-120.00	118.70-119.20	70-360c dis	−21.69	110-620dis	−12.27
Spain	177.00-178.50	177.25-177.55	10c pm-15 dis	−0.17	20-55 dis	−0.84
Italy	2202-2218	2205-2207	10-13 lire dis	−6.25	31½-36½dis	−6.16
Norway	10.90-11.00	10.91-10.93	4-2⅞ore pm	3.78	8⅛-6⅞ pm	2.75
France	10.43-10.50	10.45½-10.46½	⅛c pm-⅞ dis	−0.43	1⅛-2¼ dis	−0.88
Sweden	10.18-10.25	10.19-10.20	3¼-2½ore pm	3.38	9¼-8½ pm	3.48
Japan	423-430	425½-426½	3.80-3.50y pm	10.28	9.80-9.50 pm	9.06
Austria	29.15-29.40	29.18-29.23	17-12gro pm	5.96	24-14 pm	2.60
Switz.	3.44-3.50	3.45¼-3.46¼	1½-1¼c pm	5.21	4⅜-4⅛ pm	5.21

Belgian rate is for convertible francs. Financial franc 77.00-77.10. Six-month forward dollar 0.07-0.17c dis. 12-month 0.55-0.75c dis.

CURRENCY MOVEMENTS

Oct. 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.1	−35.5
U.S. dollar	110.5	+4.1
Canadian dollar	87.9	−17.5
Austrian schilling	117.5	+25.5
Belgian franc	106.8	+10.0
Danish kroner	88.1	−8.5
Deutsche mark	122.3	+43.4
Swiss franc	147.7	+96.8
Guilder	113.6	+18.8
French franc	81.6	−13.6
Lira	56.1	−57.2
Yen	136.2	+30.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.630465	0.588382
U.S. $	14	1.14650	1.07159
Canadian $	16.30	1.38096	1.29073
Austria Sch.	6¾	18.2741	17.1240
Belgian F	13	43.6501	40.8330
Danish K	11	8.38378	7.83601
D mark	7½	2.61402	2.43948
Guilder	9	2.87886	2.69237
French Fr.	9½	6.55913	6.12200
Lira	19	1383.83	1292.87
Yen	6¼	267.478	249.895
Norwgn. Kr.	9	6.89218	6.42955
Spanish Pts.	8	111.270	104.137
Swedish Kr.	11	6.41008	6.00091
Swiss Fr.	6	2.17265	2.02981
Greek Dr'ch.	20½	—	61.5951

OTHER CURRENCIES

Oct. 26	£	$		£ Note Rates
Argentina Peso	11 085 11,105†	6137-6157†	Austria	29.15-29.45
Australia Dollar	1.5895-1.5935	0.8820-0.8825	Belgium	76.45-77.45
Brazil Cruzeiro	202.45-203.45	112.16-112.72	Denmark	13.37-13.52
Finland Markka	8.115-8.131	4.4975-4.4995	France	10.45-10.60
Greek Drachma	102.524-105.882	58.20-58.40	Germany	4.16½-4.21½
Hong Kong Dollar	10.79¼-10.80¼	5.9800-5.9850	Italy	2175-2230
Iran Rial	145.90*	80.35*	Japan	425-430
Kuwait Dinar (KD)	0.510-0.516	0.2830-0.2833	Netherlands	4.59½-4.64½
Luxembourg Fr.	69.50-69.60	38.53-38.55	Norway	10.87-10.99
Malaysia Dollar	4.1380-4.1480	2.2930-2.2980	Portugal	117½-130
New Zealand Dlr.	2.2150-2.2200	1.2275-1.2285	Spain	174¾-186½
Saudi Arab. Riyal	6.17-6.23	3.4190-3.4210	Sweden	10.16-10.26
Singapore Dollar	3.7815-3.7915	2.0950-2.1000	Switzerland	3.46-3.50
Sth. African Rand	1.7435-1.7485	0.9660-0.9690	United States	1.79¼-1.81¼
U.A.E. Dirham	6.63-6.69	3.6710-3.6740	Yugoslavia	81-84

† Rate given for Argentina is the commercial rate. The financial rate for sterling 14,836-14,856 and for the dollar 8,200-8,250. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.7527	−0.01	−0.32	±1.5368
Danish Krone	7.91117	7.84935	−0.78	−1.09	±1.6412
German D-Mark	2.40989	2.44516	+1.46	+1.15	±1.1077
French Franc	6.17443	6.13238	−0.68	−0.99	±1.3733
Dutch Guilder	2.66382	2.69789	+1.28	+0.97	±1.5063
Irish Punt	0.684452	0.687812	+0.49	+0.18	±1.6668
Italian Lira	1300.67	1290.50	−0.78	−0.78	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for October 26 — 0.584373

EXCHANGE CROSS RATES

Oct. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.805	4.168	426.0	10.46	3.458	4.600	2206.	2.180	69.55
U.S. Dollar	0.554	1.	2.309	236.0	5.795	1.916	2.548	1222.	1.208	38.53
Deutschemark	0.240	0.433	1.	102.2	2.510	0.830	1.104	529.3	0.523	16.69
Japanese Yen 1,000	2.347	4.237	9.785	1000.	24.55	8.116	10.80	5178.	5.117	163.3
French Franc 10	0.956	1.726	3.984	407.3	10.	3.305	4.398	2109.	2.084	66.49
Swiss Franc	0.289	0.522	1.205	123.2	3.026	1.	1.330	638.0	0.631	20.12
Dutch Guilder	0.217	0.392	0.906	92.61	2.274	0.752	1.	479.6	0.474	15.12
Italian Lira 1,000	0.453	0.818	1.889	193.1	4.742	1.567	2.085	1000.	0.988	31.53
Canadian Dollar	0.459	0.828	1.912	195.4	4.798	1.586	2.110	1012.	1.	31.90
Belgian Franc 100	1.438	2.595	5.992	612.5	15.04	4.971	6.614	3172.	3.134	100

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 5/16	offer 16 7/16	bid 16 5/8	offer 16 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅛-15¾	14½-14¾	20-21	12¾-13	4-4¾	11¾-11⅞	15⅝-16⅛	16½-19	14-16	6-6½
7 days' notice	15⅞-16⅛	15-15¼	20-21	12¾-13	21-22	10⅞-11	16-16½	20¼-22½	16½-20½	6⅜-6⅝
Month	16⅜-16½	18½-15¾	18¾-19⅛	12 11/16-13 1/16	11 5/16-11 7/16	11 1/16-11 3/16	16⅞-17⅛	20¾-22¼	19½-21⅛	6 11/16-6 13/16
Three months	16¾-16 15/16	16¼-16½	18¾-19⅛	12⅞-13	11¼-11⅜	11 [illegible]-11 1/16	17⅞-18⅛	23¼-23¾	20-20¾	7⅜-7⅝
Six months	16 11/16-16 13/16	16 3/16-16 5/16	18⅝-19	12¾-12⅞	11 5/16-11 7/16	11 5/16-11 7/16	18⅞-19⅛	23¼-24¼	19¾-20¼	7 9/16-7 11/16
One Year	16⅜-16⅝	16 7/16-16 9/16	18⅝-19	12 7/16-12 9/16	10¼-10⅜	11 3/16-11 5/16	18¾-19¼	22¾-24⅛	18⅛-18⅝	7¾-8

SDR linked deposits: one month 13¾-14 per cent; three months 14¼-14⅝ per cent; six months 14 9/16-14 15/16 per cent; one year 14½-14⅞ per cent.
ECU linked deposits: one month 14 7/16-14 13/16 per cent; three months 15⅛-15½ per cent; six months 15¼-15⅝ per cent; one year 15⅛-15½ per cent.
Asian $ (closing rates in Singapore): one month —— per cent; three months —— per cent; six months —— per cent; one year —— per cent. Long-term Eurodollar two years 16⅝-16⅞ per cent; three years 16¾-17 per cent; four years 16¾-17 per cent; five years 16⅞-17⅛ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 15.30-15.40 per cent; three months 15.75-15.85 per cent; six months 16.20-16.30 per cent; one year 16.20-16.30 per cent.

MONEY MARKETS

London rates firm

London clearing bank base lending rates 15½ per cent (since October 15)

Interest rates continued to rise in the London money market yesterday. Three-month interbank money rose to 16⅞-17 per cent from 16 11/16-16⅞ per cent, and seven-day funds to 15⅞-16 per cent from 15½-15⅝ per cent. Overnight loans touched a peak of 30 per cent in the afternoon, and finished around 15 per cent.

The Bank of England forecast a shortage of funds of about £250m yesterday morning, but this was revised to £200m in the afternoon. The authorities gave assistance totalling £215m in the morning, but did not intervene in the afternoon. Help was given by way of bills bought for repurchase by the market on November 3 and 4 at interest rates in a range of 15⅛-15¼ per cent.

Among the main factors were: maturing bills held by the authorities and a take up of Treasury bills by the market −£130m, the unwinding of repurchase agreement on bills −£190m. These outweighed net Exchequer transactions +£30m, and a fall in the note circulation +£80m.

Discount houses paid up to 16 per cent for secured call money during the day, while the sharp rise in the interbank overnight rate towards the close indicated the extreme nervousness and caution in the market despite the fact that the authorities appeared to give more assistance than underlying factors indicated.

In Tokyo the Bank of Japan is likely to encourage a tightening of short term interest rates this week to prevent any further weakening of the yen against the very strong dollar. Call money was slightly firmer yesterday at 7.125 per cent, compared with 7.0625 per cent on Friday, possibly reflecting a withdrawal of funds from the market by companies ahead of monthly wage payments. Any easing of conditions later in the week is expected to lead to intervention by the central bank to absorb surplus money, although conditions may tighten once early next month. A large overall surplus is anticipated in November, however, and a draining of funds by the Bank of Japan through sales of Treasury bills and bonds. At the weekend it was announced by Japanese banks that the long-term prime rate will be raised to 8.9 per cent from 8.5 per cent from November 2, in line with increases in rates on long-term Government bonds and other instruments.

GOLD

Weaker trend

Gold fell $5½ in the London bullion market yesterday to close at $424½-426½. It opened at $428-$429, the highest level of the day, and was fixed at $428 in the morning. The metal fell to $426 at the afternoon fixing, and finished around the lowest point of the day.

In Paris the 12½ kilo gold bar was fixed at FFr 80,495 per kilo ($430.92 per ounce) in the afternoon, compared with FFr 80,495 ($431.20 per ounce) in the morning, and FFr 80,500 ($437.65) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,025 per kilo ($430.01 per ounce), against DM 31,850 ($434.98) previously and closed at $425½-426½ compared with $430-432 on Friday.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $427.55 per ounce.

In Zurich gold finished at $425-$428, against $430-433 before the weekend.

	Oct. 26		Oct. 23	
Gold Bullion (fine ounce)				
Close	$424½-426½	(£235½-236½)	$430-431	(£236¼-237)
Opening	$428-429	(£236-236½)	$434-435	(£238-238¾)
Morning fixing	$428	(£236.399)	$433.50	(£237.704)
Afternoon fixing	$426	(£235.880)	$432.50	(£237.311)
Gold Coins				
Krugerrand	$438½-439½	(£243-243½)	$442½-443½	(£243-243¾)
1/2 Krugerrand	$226-227	(£125¼-125¾)	$228-229	(£125¼-125¾)
1/4 Krugerrand	$115-116	(£63¾-64¼)	$116-117	(£63¾-64¼)
1/10 Krugerrand	$47-48	(£26-26½)	$47½-48½	(£26-26¾)
Mapleleaf	$438½-441½	(£243-244¾)	$442½-445½	(£243-244¾)
New Sovereigns	$104-104¾	(£57½-58)	$105¼-106	(£57¾-58¼)
King Sovereigns	$113½-115½	(£63-64)	$115-117	(£63¼-64¼)
Victoria Sovs	$113½-116½	(£63-64)	$115-117	(£63¼-64¼)
French 20s	—	—	$121.4-125.7	(£66¾-69)
50 pesos Mexico	$528-531	(£292¾-294¼)	$532¼-536	(£292¾-294½)
100 Cor. Austria	$413-417	(£229-231)	$416½-420	(£229-230½)
$20 Eagles	$583-588	(£323¼-326)	$590-595	(£324-326¾)

LONDON MONEY RATES

Oct. 26 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14½-30	15⅛-15¾	—	—	15¼-16	14½-16	—	—	—
2 days notice	—	—	15⅞-16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅝-16	16-16¼	—	16¼	16-16¼	15-15¼	—	—	—
One month	16⅝-16⅜	16 1/16-16 3/16	16⅜-16½	16¾-16⅜	16⅝	16⅝	15¼-15⅜	15⅝	16 3/16-16 1/16	16⅝
Two months	16¾-16½	16 9/16-16 11/16	—	16⅞-16½	16¾	17	15⅛	15⅞-16	16 5/16-16¼	16¾
Three months	16⅞-16⅝	16¾-17	16¾-16⅞	17⅛-16⅞	16⅞	17¼	16⅛-15⅝	16 1/16-16 3/16	16 1/16	16¾
Six months	16 13/16-16 7/16	16 11/16-16 13/16	16⅝-16¾	16¼-15¾	16⅞	—	—	—	15 13/16-15⅝	16¼
Nine months	16¼-16⅛	16½-16 11/16	—	16⅞-16½	16⅝	—	—	—	—	—
One year	16⅛-16⅝	16⅜-16⅝	16⅝-16⅛	16¼-16⅛	16½	—	—	—	—	—
Two years	—	—	16¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 16¼-16 per cent; four years 15¾-16 per cent; five years 15¾-16 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16-16⅛ per cent; four-month trade bills 16⅝ per cent.

Approximate selling rate for one-month Treasury bills 15½ per cent; two months 15¾-15⅞ per cent; three months 15 15/16-16 per cent. Approximate selling rate for one month bank bills 16-16 1/16 per cent; two months 16⅛ per cent; and three months 16 3/16-16⅛ per cent; one month trade bills 16⅝ per cent; two months 16½ per cent; three months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 16.9537 per cent.

MONEY RATES

NEW YORK	
Prime rate	18
Fed. funds	14½-14¾
Treasury bills (13-week)	13.33
Treasury bills (26-week)	13.75
GERMANY	
Special Lombard	11.0
Overnight rate	11.0
One month	11.80
Three months	11.45
Six months	11.425
FRANCE	
Intervention rate	15.5
Overnight rate	15.75
One month	15.625
Three months	15.625
Six months	15.625
JAPAN	
Discount rate	6.25
Call (unconditional)	7.125
Bill discount (three-month)	7.40625

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 26 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; exC) exchange certificate rate (k:) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	101.00
Albania	Lek	10.00
Algeria	Dinar	7.5585
Andorra	French Franc	10.46
	Spanish Peseta	177.40
Angola	Kwanza	(CM) 62.936
		(T) 65.139
Antigua (S)	E. Caribbean $	4.88
Argentina	Ar. Peso	(cm)11,095.0
		(fn) 14,846.0
Australia (S)	Australian $	1.5915
Austria	Schilling	29.205
Azores	Portugu'se Escudo	118.95
Bahamas (S)	Ba. Dollar	1.8050
Bahrain (S)	Dinar	0.684
Balearic Isles	Spa. Peseta	177.40
Bangladesh (S)	Taka	35.42
Barbados (S)	Babados $††	3.61
Belgium	B. Franc	(cm) 69.55
		(fn) 77.05
Belize	B $	3.61
Benin	C.F.A. Franc	523.0
Bermuda (S)	Bda $	1.8050
Bhutan	Indian Rupee	15.80
Bolivia	Bolivian Peso	44.65
Botswana (S)	Pula	1.6015
Brazil	Cruzeiro ‡‡	202.95
Brit. Virgin Isles (S)	U.S. $	1.8050
Brunei (S)	Brunei $	3.7865
Bulgaria	Lev	1.7400
Burma	Kyat	11.65
Burundi	Burundi Franc	167.73
Cameroon Republic	C.F.A. Franc	523.0
Canada	Canadian $	2.1800
Canary Islands	Spanish Peseta	177.40
Cape Verde Isle	Cape V. Escudo	65.90
Cayman Islands (S)	Cay. Is. $	1.50
Cent. Af. Repub.	C.F.A. Franc	523.0
Chad	C.F.A. Franc	523.0
Chile	C. Peso	(Bk)70.59
China	Renminbi Yuan	3.1962
Colombia	C. Peso	(F) 102.36
Comoro Islands	C.F.A. Franc	523.0
Congo (Brazaville)	C.F.A. Franc	523.0
Costa Rica	Colon	36.15
Cuba	Cuban Peso	1.3200
Cyprus (S)	Cyprus £	0.803
Czechoslovakia	Koruna	(com) 10.80
		n/c 18.81
		(T)18.20
Denmark	Danish Krone	13.38
Djibouti	Fr.	312 (sg)
Dominica (S)	E. Caribbean $	4.88
Dominican Repub.	Dominican Peso	1.8050
Ecuador	Sucre	(O) 45.07
		(F) 59.38
Egypt	Egyptian £	(U) 1.50
Equatorial Guinea	Ekuele	354.8
Ethiopia	Ethiopian Birr	(P) 3.7050
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.38
Fiji Islands	Fiji $	1.6180
Finland	Markka	8.123
France	French Franc	10.46
French C'tyin Af*	C.F.A. Franc	523.0
French Guiana	Local Franc	10.46
French Pacific Is.	C.F.P. Franc	185 (sg)
Gabon	C.F.A. Franc	523.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1675
Germany (West)	Deutsche Mark	4.1675
Ghana (S)	Cedi	5.02
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	104.093
Greenland	Danish Kroner	13.38
Grenada (S)	E. Caribbean $	4.88
Guadaloupe	Local Franc	10.46
Guam	U.S. $	1.8050
Guatemala	Quetzal	1.8050
Guinea Republic	Syli	38.75
Guinea Bissau	Peso	69.05
Guyana (S)	Guyanese $	5.4285
Haiti	Gourd	9.025
Honduras Repub.	Lempira	3.5980
Hong Kong (S)	H.K. $	11.80
Hungary	Forint	64.2395‡‡
Iceland (S)	I. Krona	14.155
India (S)	Ind. Rupee	15.80
Indonesia	Rupiah	1,137.20
Iran	Rial	145.90(sg)
Iraq	Iraq Dinar	0.54195
Irish Republic (k)	Irish £	1.1740
Israel	Shekel	25.12
Italy	Lira	2,205.0
Ivory Coast	C.F.A. Franc	523.0
Jamaica (S)	Jamaica Dollar	3.3190
Japan	Yen	426.0
Jordan (S)	Jordan Dinar	0.607(sg)
Kampuchea	Riel	2,166.0
Kenya (S)	Kenya Shilling	18.87
Kiribati	Australian $	1.5915
Korea (Nth)	Won	1.76(II)
Korea (Sth)	Won	1,254.5
Kuwait	Kuwait Dinar	0.515
Laos	New Kip	18.05
Lebanon	Lebanese £	8.3760
Lesotho	Loti	1.7460
Liberia	Liberian $	1.8050
Libya	Libyan Dinar	0.5345
Liechtenstein	Swiss Franc	3.43575
Luxembourg	Lux Franc	68.55
Macao	Pataca	11.20
Madeira	Portug'se Escudo	118.95
Malagasy Republic	MG Franc	523.0
Malawi (S)	Kwacha	1.6750
Malaysia (S)	Ringgit	4.1430
Maldive Islands (S)	Mal Rupee	7.0935
Mali Republic	Mali Franc	1,046.0
Malta (S)	Maltese £	0.7125
Martinique	Local Franc	10.46
Mauritania	Ouguiya ‡	102.00
Mauritius (S)	M. Rupee	19.05
Mexico	Mexican Peso	45.93
Miquelon	C.F.A. Franc	523.0
Monaco	French Franc	10.46
Mongolia	Tugrik	(o)5.85(II)
Montserrat	E. Caribbean $	4.88
Morocco	Dirham	9.65(sg)
Mozambique	Metical	53.35
Nauru	Australian Dollar	1.5915
Nepal	Nepalese Rupee	23.85
Netherlands	Guilder	4.60
Netherland Antilles	Antillian Guilder	3.2310
New Zealand (S)	N. Z. Dollar	2.2175
Nicaragua	Cordoba	18.05
Niger Republic	C. F. A. Franc	523.0
Nigeria (S)	Naira	1.21189(sg)
Norway	Norway Krone	10.92
Oman Sul'ate of (S)	Rial Omani	0.627
Pakistan	Pakistan Rupee	17.83
Panama	Balboa	1.8050
Papua N.Guinea (S)	Kina	1.2450
Paraguay	Guarani	(O) 227.43
		(F) 295.30
Peru	Sol	exe (A) 835.06
Philippines	Philippine Peso	14.26
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2175
Poland	Zloty	(Cm)53.64
		(T)53.64
Portugal	Portugu'se Escudo	118.95
Puerto Rico	U.S. $	1.8050
Qatar (S)	Qatar Ryal	6.60
Reunion Ile de la	French Franc	10.46
Romania	Leu	(Cm)8.06
		(n/c) 19.83
Rwanda	Rwanda Franc	173.14
St. Christopher (S)	E. Caribbean $	4.88
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	4.88
St. Pierre	Local Franc	10.46
S. Vincent (S)	E. Caribbean $	4.88
Salvador El	Colon	4.51
Samoa American	U.S. $	1.8050
San Marino	Italian Lira	2,205.0
Sao T'oe&Principe	Dobra	71.00
Saudi Arabia	Ryal	6.20
Senegal	C.F.A. Franc	523.0
Seychelles	S. Rupee	11.30(sg)
Sierra Leone (S)	Leone	2.165 δ
Singapore (S)	Singapore $	3.7865
Solomon Islands (S)	Solomon Is. $	1.62405
Somali Republic	Somali Shilling (3)	(A)11.04 δ
Somali Republic	Somali Shilling (4)	22.5
South Africa (S)	Rand	1.7460
South West African Territories (S)	S. A. Rand	1.7460
Spain	Peseta	177.40
Spanish ports in North Africa	Peseta	177.40
Sri Lanka (S)	S. L. Rupee	36.47
Sudan Republic	Sudan £ (1)	0.90
Sudan Republic	Sudan £ (2)	1.44
Surinam	S. Guilder	3.2310
Swaziland (S)	Lilangeni	1.7460
Sweden	S. Krona	10.195
Switzerland	Swiss Franc	3.4575
Syria	Syria £	(A)11.0
Taiwan	New Taiwan $	64.98
Tanzania (S)	Tan. Shilling	10.25
Thailand	Baht	41.26
Togo Republic	C.F.A. Franc	523.0
Tonga Islands (S)	Ha'anga	1.5915
Trinidad (S)	Trinidad & Tob. $	4.3320
Tunisia	Tunisian Dinar	0.914(sg)
Turkey	Turkish Lira	239.49
Turks & Caicos	U.S. $	1.8050
Tuvalu	Australian $	1.5915
Uganda (S)	Uganda Shilling	140.0
United States	U.S. Dollar	1.8050
Uruguay	Uruguay Peso	(cm)20.30
		(fn)20.51
Utd. Arab Emirates	U.A.E. Dirham	6.66
U.S.S.R.	Rouble	1.3180
Upper Volta	C.F.A. Franc	523.0
Vanuatu	Vatu	169.50
	Aust. Dollar	1.0915
Vatican	Italian Lire	2,206.0
Venezuela	Bolivar	7.75
Vietnam	Dong	(O)3.95
		(T)4.31(II)
Virgin Islands U.S.	U.S. Dollar	1.8050
Western Samoa S.	Samoan Tala	1.9250
Yemen (Nth)	Ryal	8.20(sg)
Yemen (Sth)	S. Yemen Dinar	(A)0.6165
Yugoslavia	New Y Dinar	70.2551
Zaire Republic	Zaire	10.070671
Zambia	Kwacha	1.6250
Zimbabwe	Zimbabwe $	1.2995

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 75.80. ** Rate is the transfer market (controlled); †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rates for non-government transactions and non-specified exports and imports. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

WORLD STOCK MARKETS

Fresh early Dow fall of 6.9

THE COMBINATION of a worsening economic outlook, a weak Bond market and poor corporate earnings sent Wall Street into a fresh decline yesterday morning in moderate trading.

The Dow Jones Industrial Average, after faling 10 points last Friday, was 6.94 weaker at 831.05 by 1 pm. The NYSE All Common Index dipped 39 cents more to $68.44 and declines outpaced advances by a three-to-one ratio, while trading volume amounted to 26.94m shares at 1 pm.

"The market has a lot of things to worry about—recession, high interest rates, lower profits," Hildegarde Zagorski, of Bache Halsey Stuart Shields, said. She added that investors are also nervously awaiting the results of the U.S. Treasury's November refunding plans, to be announced tomorrow.

Analysts are concerned that there will be little interest in the $8.5bn to $9bn of issues the Treasury is expected to sell, which could in turn put renewed upward pressure on interest rates.

Zagorski said the market is also still reacting to General Motor's larger-than-expected loss, reported last week. GM fell a total of 2½ last week, and was off another 2½ at $36⅞ in active trading. GM's chairman said in an interview that the car maker may consider cutting its dividend and going to the debt market before it will revise capital spending plans.

Texas International, however, rose 1½ to $29⅞.

THE AMERICAN S.E. Market Value Index was down 1.78 at 305.57 at 1 pm. Volume 2.65m shares.

Canada

Most sectors showed an easier inclination at mid-day after a fair turnover. The Toronto Composite index was off 5.2 at 1,858.6, while Golds receded 60.4 to 3,309.8, but Oil and Gas put on 22.0 to 3,554.6.

Closing prices for North America were not available for this edition.

Germany

Most shares weakened in very quiet trading, the Commerzbank index falling 10.5 to 668.3, close to its 1981 low of 666.4.

Dealers cited the strong U.S. dollar, concern over the Federal Government's Budget deficit and prospects of limited economic growth as stock market depressants.

A disappointing performance by Siemens in the year ended September 30 also undermined sentiment. Siemens closed DM 6.70 lower at DM 215.30, after touching DM 213.70. Elsewhere in Electricals, AEG fell DM 1.90 to DM 45.10 following inconclusive talks with banks on Friday.

In a Banking sector also depressed by the talks, Dresdner lost DM 1.50 to DM 124.50, Deutsche DM 1.80 to DM 264 and Commerzbank DM 1.50 to DM 124.

The Bond market eased in quiet trading as discussions about financing the newly-found Federal Government deficit made investors wary. Prices of Public Authority paper fell as much as 40 pfennigs, and the Bundesbank bought DM 10.5m of paper after selling DM 17.9m on Friday.

Tokyo

Stocks closed mixed with a firmer bias after thin dealings, with bargain hunting noted in middle class incentive-backed issues.

Attention centred on incentive-backed or speculative shares most of the day, but the afternoon session was dominated by a waiting mood ahead of the end of the month, according to brokers.

The Nikkei-Dow Jones Average picked up 16.80 to 7,261.80 and the Tokyo SE index 0.65 to 537.86, while gains outscored declines on the First Section by 301 to 244. However, volume amounted to only 200m shares, matching Saturday's half-day session total and falling well below last Friday's full-day figure of 360m.

Although the indices were higher, brokers said, there was "little feeling" of price changes in the market. One broker added that "we do not have any real feeling that prices moved either upwards or downwards. The market itself still lacks energy."

Brokers, however, pointed to signs of a possible pick-up in the future. They said the balance of stocks bought on credit—one of the major factors depressing the market in recent sessions—has been diminishing rapidly. Last week, the balance may have shrunk by more than Y30bn, the sharpest pace of decline since 1972, they added.

Investors who bought on credit are usually allowed to hold shares up to three months, and they have now started either paying in cash to keep their shares or trading them in with others, brokers explained. Many investors joined credit trading about three months ago when prices were advantageous, they noted.

Non-ferrous Metals, Oils, Synthetic Fibres, Damage Insurances, Pharmaceuticals and Foods were bought selectively. Mitsubishi Metal rose Y9 to Y232, Nipon Oil Y70 to Y1,250, Toray Y13 to Y379, Takeda Pharmaceuticals Y18 to Y818, Tokyo Marine Y10 to Y498, and Nisshin Flour Y14 to Y336.

Blue Chips, large capital issues and other recent Populars fluctuating narrowly in light trading on end-month reasons.

Paris

The decline of French and foreign stock prices continued in a quiet session at the Paris Bourse despite a further decline in short-term interest rates.

Traders remarked that the market hadn't reacted to a new cut in the Call Money rate to 15⅞ per cent on Monday morning—its lowest level since mid-May—from 16 per cent on Friday. They said the situation in Poland continues to weigh on investors.

Australia

The Oil and Mining sectors continued to drift lower in slack trading, with the Australian Oil Ordinaries index sloping 2.8 more to a new 16-month low of 562.9.

However, limiting yesterday's decline in the index was a firmer Banks sector and a mixed performance by Industrials, where sentiment was aided by news of the Government's withdrawal of the June, 1983, and June 1984, Tap stocks after heavy subscriptions and the report last Friday of a decline in the U.S. M1-B money supply figures.

Among Banks, ANZ hardened 10 cents to A$5.30 and National 4 cents to A$2.90.

News that Perth businessman Alan Bond had lifted his take-over offer for Swan Brewery to A$2.70 a share from A$2.50, had little impact, and Swan shares slipped 5 cents to A$2.50.

Hong Kong

Following the dull and boring performance last week, the market experienced a further drop in activity yesterday with share prices tending to close easier.

The Hang Seng index shed 4.18 more to 1,223.06, while combined turnover on the four stock exchanges contracted to an exceptionally low HK$132.90 from last Friday's total of HK$215.94m.

The index, after declining about eight points in the first hour of trading, had recovered by mid-session, but there was renewed selling pressure towards the close, particularly among some Property shares.

Johannesburg

Gold shares retreated in moderate activity in reaction to the easier Bullion price. Producer losses stretched to 275 cents, as in Stilfontein, at R43.50, Vaal Reefs dipped 225 cents to R84.7, while Randfontein and Hartles shed 200 cents each to R77.50 and R74.00 respectively.

NEW YORK

CANADA

BELGIUM (continued)

Oct. 26	Price Frs.	+ or —
Petrofina	4,000	
Royale Belge	3,960	—5
Soc Gen Banq.	1,585	
Soc Gen Belge	944	
Sofina	2,490	—10

HOLLAND

Oct. 26	Price Fls.	+ or —
ACF Holding	69	—0.5
Ahold	62	—1
AKZO	21	
ABN	281.5	—0.6
AMEV	89.8	—0.2

AUSTRALIA

Oct. 26	Price Aust. $	+ or —
ANZ Group	5.3	+0.01
Acrow Aust	1.20	
Allstate Expl	0.85	—0.05
Ampol Pet	1.43	+0.05
Assoc. Pulp Pap	2.00	
Audimco	0.15	

JAPAN (continued)

Oct. 26	Price Yen	+ or —
Kubota	342	
Kumgaai	374	+1
Kyoto Ceramic	5,100	
Lion	388	
Maeda Cons	566	—8
Makita	863	—8

Indices

NEW YORK ACTIVE STOCKS

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Rising aluminium stocks reflect sluggish demand

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM stocks in the London Metal Exchange warehouses jumped by 8,200 tonnes last week raising total holdings to a record 112,575 tonnes. The rise in LME aluminium stocks, which have doubled in the past four months, reflects the present unhappy state of the market with demand remaining at a low ebb and surpluses building up in spite of production cutbacks.

In September, western world production of primary aluminium dropped to 996,000 tonnes, according to the International Primary Aluminium Institute. This is the first time output has been below 1m tonnes a month since February this year.

Western world stocks have continued to rise and are expected to reach a record 3m tonnes by the end of the year. Producers claim that it makes economic sense to allow stocks to build up, while deferring plans to expand smelter capacity. They note that a large proportion of the LME stocks are poor quality grades. However, it is generally agreed that the build up in stocks is creating very nervous market conditions.

Tin stocks in LME warehouses also jumped again last week, by 975 tonnes to a record 16,365 tonnes. The rise reflects the high prices at a time when consumer demand remains very sluggish. The market continues to be held in the grip of the influential operations, who show no signs of relaxing their dominance in spite of the limited rise in the International Tin Agreement price range recently.

Reuter reports that workers at the Huanuni tin mine in Bolivia have called a 24-hour strike to demand the restoration of full union rights, but no date has been fixed for the strike to start.

Copper stocks were marginally higher, rising by 300 to 107,525 tonnes. Trading interest yesterday was at a low ebb.

Main activity in lead and zinc. Both moved up strongly in early trading, but came under selling pressure in the afternoon. Lead was hit by heavy U.S. selling, but zinc rallied in late kerb dealings with the three-months quotation climbing back above £520 a tonne—an important chart point according to traders. Zinc stocks rose by 1,100 to 81,950 tonnes, but lead holdings fell by 975 to 47,625 tonnes.

Nickel stocks were 546 tonnes up at 3,210 tonnes. LME silver holdings fell by 270,000 to 29,950,000 ounces.

Balance in U.S. silver

WASHINGTON—U.S. silver stocks at refiners were 2.6m ounces at the end of September, unchanged from end-August and up from 800,000 ounces at the end of September last year, the U.S. Silver Institute reported.

It said U.S. refined silver output in September rose to 10.5m ounces from 10.1m in August, but was down from 10.8m a year ago. The monthly production rate from January to September averaged 11.2m ounces against 14.5m ounces in the same period of 1980.

The institute said domestic refined silver consumption rose to 10.6m ounces last month from 9.8m in August, but was 1m ounces below the disposition in September last year.

The monthly U.S. refined silver usage rate from January through September averaged 11.1m ounces, well below the 14.6m ounces in the same period of 1980.

Silver stocks for all known refiners in Australia, Canada, Mexico, Peru, South Africa and Sweden as well as some other refiners in Europe and Asia fell to 5.3m ounces at the end of September from 6.3m ounces at the end of August and 7.7m ounces a year ago.

Foreign refined silver production was 17.8m ounces in September against 17.6m ounces in August, but down from 20.8m ounces last year, it said. Monthly production this year averaged 18.5m ounces against 21.4m ounces last year.

It also said foreign refined silver use edged up to 18.7m ounces last month from 18.2m in August, but was down from 20.4m ounces in September last year. The monthly disposition rate averaged 18.8m ounces against 21.1m ounces last year. Reuter.

U.S. wheat offered to India

NEW DELHI—The U.S. has offered to grant credit to India to help it buy surplus American wheat, Mr Seeley Lodwick, U.S. Under-Secretary for Agriculture, said here yesterday.

He told Indian officials that Washington could export wheat up to any quantity and, if necessary, extend credit to cover the purchases. The Indian Government had made no specific request to buy U.S. wheat, Mr Lodwick said, but the officials told him the U.S. offer would be kept in mind.

India signed contracts last July to make commercial purchases of 1.5m tonnes of U.S. wheat to bolster the country's depleted food stocks.

The Reagan Administration had not offered any soft loans to India to buy the U.S. farm commodities now in record supply, Mr Lodwick said. But India could use grants totalling $148m to buy U.S. agricultural produce.

Mr Lodwick, who is on a round-the-world market development trip, said he had also offered to sell surplus soyabean oil to India.
Reuter

Smithfield may be bigger draw

By Our Commodities Staff

ATTENDANCE FIGURES at this year's Royal Smithfield Show on December 7-11 are expected to be higher than last year's depressed level, Mr Dick Filbey, chairman of the joint committee organising the show, said yesterday.

"Farmers are reinvesting," he declared. And after destocking over the past 18 months dealers in agricultural machinery were beginning to build up their stock levels again.

Mr Filbey said these conclusions, which resulted from consultations with major companies in the tractor and farm machinery sphere, led him to expect livelier attendance and trade at this year's show. "In every case the companies reported a marked improvement in sales," he reported.

Tractor registrations during the past few months have been much better than anticipated, he said. "Tackle has now begun to be replaced, following the recent cutback, in order to keep fleets at efficient levels."

Livestock entries for the show including cattle, sheep and pigs, total 1,222 down from 1,345 last year. Carcase entries are 432, the same as in 1980.

COMMON AGRICULTURAL POLICY

Fresh bid to curb output

BY JOHN WYLES IN LUXEMBOURG

THE European Commission yesterday urged EEC member-governments to back reforms to the Common Agricultural Policy based on production targets and levies aimed at controlling the cost of the policy and curbing over-production. The Commission's approach incorporates several familiar ideas which have failed to win the support of governments in the past. But it has cast its proposals in such a way as to exploit the general EEC commitment to make the CAP more economical while trying to steer a middle line between conflicting national interests.

Its memorandum to member-states is designed to flesh out the basic reform principles set out in its so-called "mandate" document at the end of June. Generally, the commission has kept faith with its original ideas although its detailed proposals seem to place less emphasis on achieving a "price policy based on a narrowing of the gap between community prices and prices applied by its main competitors."

Overall, M Gaston Thorn, the commission's president, claimed yesterday that the suggested reforms would keep the growth in CAP spending down below the annual increase in the EEC's budget revenues—which for the past few years has been around 10-12 per cent per annum. However, the basic thrust of the commission's reforms is to remove the automatic price guarantees which apply to current production. Output which exceeds predetermined targets for various commodities would trigger penalties on the producers designed to cover the costs of disposal.

But because this approach is bound to put new pressures on Community farmers, the commission is signalling a toughter approach to a variety of imports. It specifically urges "discussions" with suppliers of cereals substitutes "to ensure that imports do not exceed present levels" and, more obscurely, calls for "balanced arrangements for imports of butter from New Zealand."

The commission warns that its proposals are bound to involve a more detailed regulation of agricultural markets and that in order to tighten up its supervision of EEC legislation it will require "both increased national staffs and the establishment of a team of commission officials with independent powers."

Thus extra control will be needed for fruit and vegetables (quality standards and price recording) cereals and beef (quality critera for intervention) skimmed milk powder (aids for incorporation in animal feed) olive oil (producer aids) and wine (use of sucrose and planting restrictions).

Despite its vagueness on a future pricing policy for other sectors, the commission says that the objective for cereals should be "a progressive alignment" of EEC prices with support prices for American producers which have recently been about 20 per cent lower. It proposes a five-year programme leading to an increase in Community cereals production from 118m tonnes in 1979-80 to 130m tonnes by 1988. If output exceeds the objective, "the intervention price for cereals would be reduced."

According to M Claude Villain, the commission's director-general for agriculture, such an increase in output would not create any more of a surplus problem in the cereals sector provided that import substitutes were pegged at current levels. The commission believes that a strict pricing policy which reduces cereals prices in real terms and in comparison with substitutes would reduce the volume of imports. However, its view of the need to negotiate import restraint over "the short and medium term will be seen by critics as a lack of conviction about the prospects for obtaining a strict pricing policy.

As foreshadowed in the Financial Times, the commission's proposals for the dairy sector are based on excluding small farms (output less than 30,000 kilograms a year) and corresponsibility levy (currently 2.5 per cent) while imposing a superlevy on all milk deliveries 0.5 per cent higher than this year's levels.

This would match projected increases in consumption and would tend to freeze the dairy surplus at current levels. If it failed to do so, the costs of disposal would be covered by the super levy. Milk produced by "intensive" farming methods, namely employing imported animal feeds, would also be subject to an additional levy.

For beef, the commission aims to keep increased production in line with consumption growth. This implies output of 7.6m tonnes in 1988 compared with 7.2m tonnes in 1980. It adds that a pricing policy is necessary, "since further price increases would divert consumption to other meats."

It says that production objectives should also be fixed for tobacco, processed tomatoes, apples and colza. Olive oil should be subject to better controls or aids and intervention. The aim for wine should be to avoid any worsening of the current gap between consumption and production.

In line with its June report, the commission does not see any great role for direct income aids. The exemption from the corresponsibility levy for small dairy farmers amounts to such an aid and there should also be aids for specialised beef producers. Both cases focus on small farms, but for the future the aids will be determined by the trend in agricultural prices and other measures. Finally, the commission warns that it will apply existing Community regulations to limit national aids more strictly, including its powers to require reimbursement to the EEC budget.

Malaysia cuts palm oil tax

BY WONG SULONG IN KUALA LUMPUR

A NEW EXPORT duty structure, for Malaysian palm oil was introduced in the Budget, presented to Parliament here last Friday so as to alleviate the financial problems of the local palm oil refining industry and encourage further refining of palm oil products.

Under the proposals, the tax level for refined palm oil will start from 95 ringgit instead of 75 ringgit per tonne to take into account higher refining costs.

Processed palm oil products will be classified under five instead of four categories. A new category to be known as 3A will be introduced.

The rates of exemption will be adjusted so that there is a difference of five percentage points between each category. In effect, this will mean that *the exemption rates for category* two in the present strucure will be reduced by 5 per cent.

Refined, bleached and deodorised stearin (fully refined), under category four will be exempted from the 5 per cent export duty. There will, however, be no change in duty for categories one and three.

It is expected that the refiners will gain at least 20 ringgit per tonne from this new structure —more if they go into further downstream refining. The Malaysian Government is expected to lose 15m ringgit a year in revenue.

The new structure is welcomed by the refiners, whose profit margins are being squeezed badly by excess capacity in a depressed world market for refined palm oil.

Tea sales in Singapore

NEW DELHI — A new *international tea auction centre will* start functioning in Singapore on November 24, Mr Deepak Roy, chairman of J. Thomas and Co, has announced. The centre, the second after London, is being set up in collaboration with his company and Khattar Holdings, of Singapore.

The Press Trust of India quoted Mr Roy as saying the centre would give India and other Asian tea producers a return on their sale proceeds within six weeks. Singapore has been chosen due to its infrastructure and shipping advantages, Mr Roy said.

Indian cargo can reach Singapore within a week because of regular shipping services from Calcutta, tea trade sources said.

A consignment of tea was dispatched from Calcutta ports *yesterday for sale at the Singapore* centre on the opening day. Emergence of Singapore as an alternative tea auction centre to London would cut freight costs by about two rupees a kilo, Press Thrust of India added.

The Economic Times newspaper said tea now sold privately in Indonesia and other South-East Asian countries might also be channelled to Singapore, as international buyers were likely to offer higher prices.

The minimum quantity of tea to be offered in the initial stage at each fortnightly auction is likely to be about 2m kilos, but the volume should rise to 5m kilos in 1982, according to tea trade sources.
Reuter

NZ halts some lamb exports

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

NEW ZEALAND'S halting of lamb shipments to Iran is being explained as no more than a temporary hiccup in the trade between New Zalend and her second most important market for lamb after the UK. The reason has been partly due to congestion at the main port of entry, Bandar Abbas, and general disruption due to the war with Iraq. Nevertheless, shipments from New Zealand are being held up until the matter can be clarified.

New Zealand's contract with Iran for 1980-81 amounts to 100,000 tonnes out of total exports of 380,000 tonnes. Exports to the EEC could amount to a maximum of 243,000 tonnes. But at present it is unlikely that this total will be reached. There is a shortfall at present of 30,000 to 40,000 tonnes.

One worrying aspect of the situation is that the contract with Iran for 1982-83 has still to be confirmed which should have been done by this date.

Any permanent interruption of the trade with Iran would put pressure on the EEC market especially in the UK, the main importer.

Mary Frings adds from Bahrain: A shipload of prime New Zealand lamb, ordered by the Iranian Meat Organisation (IMO) is now lying in cold storage in Bahrain. The ultimate disposal of the 182,000 carcases, valued at $5m, is fraught with legal and diplomatic problems.

The diverted meat—part of New Zealand's 100,000 tonne 1981 supply contract with Iran —had actually arrived at the southern Iranian port of Bandar Abbas, which is well clear of the war zone. But after waiting 44 days in a queue to enter the port, the vessel reported refrigeration problems and the Shipowners' Protection and Indemnity Association took a rapid decision to pull the ship out rather than risk destruction of the cargo.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were little changed in quiet trading on the London Metal Exchange. Currency considerations saw COPPER rise to £942.5 before a weak opening on Comex prompted a close of £938.5. LEAD moved erratically between £419 and £406, closing at the latter in the wake of American selling. ZINC moved up to £528 in early trading but eased back to close at £523 while TIN was subdued and finally £8,390. ALUMINIUM closed at £659 and NICKEL at £2,972.5, the latter despite reported consumer demand.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	909.5-10	—3	907-8	+2.5
3 mths	939.5-40	—2	937.5-8	+4
Settlem't	910	—3	—	......
Cathodes				
Cash	906-7	—4.5	903-4	+2
3 months	935-6	—2	932-3	+5
Settlem't	907	—5	—	......
U.S. Prod.	—	......	*86.7-86	......

Amalgamated Metal Trading reported that in the morning three months higher grade wirebars traded at £942.00, 43.00, 42.50, 42.00, 41.00, 40.50, 40.00, 39.00, 39.50. Cathodes, cash £907.00, 906.00. Three months £933.50. Kerb: Wirebars, three months £940.00, 40.50, 41.00. Afternoon: Wirebars, three months higher grade £938.00, 38.50, 39.00, 38.00, 38.50, 38.00, 37.50. Kerb: Wirebars, three months £938.00, 38.50, 39.00, 39.50, 39.00. Turnover 17,000 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8165-75	—110	8165-70	—22.5
3 months	8365-75	—97.5	8380-90	—12.5
Settlem't	8175	—110	—	......
Standard				
Cash	8165-75	—110	8165-70	—22.5
3 months	8365-75	—87.5	8380-9	—12.5
Settlem't	8175	—110	—	......
Straits E.	‡$35.62	......		......
New York	—			

Tin—Morning: Standard, three months £8390, 70. Kerb: Standard, three months £8370, 75. Afternoon: Standard, three months £8375, 80. Kerb: Standard, three months £8385, 90. Turnover 960 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	395-.5	—.75	394-5	......
3 months	407-.5	+1.25	406.5-7	+1
Settlem't	395.5	—1	—	......
U.S. Spot	—	......	*38-42	......

Lead—Morning: Cash £395.00, 95.50, three months £417.00, 16.50, 16.00, 15.00, 14.00, 13.50, 11.00, 10.00, 9.00, 8.00, 7.50, 7.00. Kerb: Three months £408.50, 8.00, 9.00, 8.50, 9.00. Afternoon: Three months £408.00, 7.50, 7.00, 6.00, 6.50, 7.00. Kerb: Three months £407.00, 6.50, 6.00. Turnover 8,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	504-.5	+5	504-5	+1
3 months	519-.5	+5.5	519.5-20	+5.25
S'ment	505	+5	—	......
Primw'ts	—	......	*45.5-50	......

Zinc—Morning: Three months £528.00, £528.00, 27.00, 26.50, 26.00, 25.50, 21.00, 20.00, 1900, 19.50. Kerb: Three months £520.00, 19.50. Afternoon: Three months £518.00, 18.50, 19.00, 20.00, 21.00, 20.00, 20.50, 20.00. Kerb: Three months £518.50, 18.00, 19.00, 20.00, 21.00, 22.00. Turnover 8,650 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	630-.5	—.25	629.5-30.5	—1
3 months	657-.5-8	+7.5	656.5-7	+.25

Aluminium—Morning: Cash £630.00, 30.50, three months £658.00, 59.00, 58.00, 57.50, 58.00. Kerb: Three months £659.00. Afternoon: Three months £656.50, 56.00, 56.50. Kerb: Three months £657.00. Turnover 6,675 tonnes.

Nickel—Morning: Three months £2,990, 95, 90, 85, 90, 87. Kerb: Three months £2,985, 90, 95, 90. Afternoon: Cash £2,895, three months £2,975, 80, 82, 80, 70, 75. Kerb: Three months £2,980. Turnover 378 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2900-10	—55	2890-900	—25
3 months	2987-9	—47	2975-80	—7.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.35p an ounce lower for spot delivery in the London bullion market yesterday at 496.4p. U.S. equivalents of the fixing levels were: spot $8.95, down 13c; three-month $9.2980, down 12.8c; six-month $9.6630, down 12.8c; and 12-month $10.4380, down 12.8c. The metal opened at 494½-497p ($8.97-9.02) and closed at 494½-497½p ($8.92-8.97).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	496.40p	—2.35	497.0p	—1.5
3 months	515.85p	—1.90	516.5p	—0.75
6 months	535.35p	—1.45	—	......
12months	577.00p	—0.50	—	......

LME—Turnover 111 (132) lots of 10,000 ozs. Morning: three months 514.0, 15.0, 16.0, 15.5, 15.0, 14.5, 15.0. Kerb: three months 516.0. Afternoon: three months £515.5, 16.0.

COCOA

Futures opened lower as due and thereafter traded quietly in thin conditions for prices to close in the mid-range. Physical business was very quiet, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1168-69	—17.5	1175-63
March	1174-75	—19.5	1185-64
May	1175-76	—15.0	1177-61
July	1178-80	—12.5	1180-63
Sept	1181-82	—15.0	1184-70
Dec	1182-88	—23.0	1190-86
March	1185-205	—17.5	—

ICCO—Daily price for October 26: 92.13 (94.62); indicator prices for October 27: 93.97 (96.06).

COFFEE

Encouraged by a firm New York close, lower sterling and more constructive chart patterns London continued the recent steadier tendency at the opening, reports Drexel Burnham Lambert. Failure to test major resistence levels resulted in dealer profit-taking and an eventual retreat.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1118-20	—3.0	1140-15
Jan	1130-31	+3.0	1144-26
March	1132-33	+3.0	1144-28
May	1128-29	+4.0	1140-25
July	1132-34	+6.5	1140-30
Sept	1130-35	+10.0	1140-30
Nov	1130-49	+12.0	—

Sales: 3,379 (4,167) lots of 5 tonnes.

ICO 1979 indicator prices for Oct 23: (U.S. cents per pound): Comp daily 118.66 (117.67); 15-day average 117.20 (116.99).

GAS OIL FUTURES

Prices remained strong in line with the continuing firmness of the physical market, reaching new highs and trading close to these levels all day, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
October	318.00	—1.50	318.90 17.00
November	321.25	+1.75	321.25-19.00
December	323.75	+2.50	323.75-22.00
January	325.25	+1.75	325.25-23.50
February	326.25	+1.00	328.50-28.50
March	327.25	+1.50	327.75-27.50
April	328.00	+1.25	—
May	328.00	+1.35	328.00-28.00
June	328.75	+1.75	—

Turnover: 736 (1,438) lots of 100

GRAINS

The market opened mostly unchanged. Some light shipper and trade buying pushed up old crops but the gains were reduced later. Most of the activity was in Nov/March wheat and Nov/Jan barley switching. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Nov	104.80	+0.05	100.00	—0.25
Jan	108.10	+0.05	103.40	—0.50
Mar	111.70	+0.15	106.95	—0.20
May	115.50	+0.15	110.50	—0.10
July	118.90	+0.10	—	—
Sep	106.50	—	100.45	—

Business done—Wheat: Nov 105.10-104.80, Jan 108.40-108.10, March 112.05-111.55, May 115.80-115.35, July 119.15-118.80, Sept no trades. Sales: 311 lots of 100 tonnes. Barley: Nov 100.65-100.00, Jan 103.95-103.40, Mar 107.55-106.95, May 111.00-110.50, Sept no trades. Sales: 136 lots of 100 tonnes.

LONDON GRAINS—Wheat: English Feed fob Nov 110, Dec 111 East Coast sellers. Maize: French early Nov 127.25 quoted transhipment East Coast. S. African White/Yellow Nov 80.25 seller. Barley: English Feed fob Nov 105, Dec 106 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 106.00, N. East 117.30. Feed barley: Eastern 98.00, E Mids 98.90, N. East 100.00, Scotland 96.00. The UK *Monetary Coefficient* for the week beginning Monday November 2 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, and attracted little interest throughout the day to close quiet. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of — (227.5) cents a kg and SMR 20 — (180.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Nov	56.00-57.10	56.00-56.50	—
Dec	58.50-57.00	58.40-56.50	—
Jan-Mar	58.60-58.80	58.50-58.40	58.80-58.50
Apl-Jne	62.50-62.80	62.40-62.50	62.70-62.50
Jly-Sept	65.90-66.10	65.70-65.80	66.20
Oct-Dec	69.20-69.40	69.00-69.10	—
Jan-Mar	72.50-72.80	72.30-72.50	—
Apl-Jne	75.80-76.10	75.60-75.70	76.00
Jly-Sept	79.20-79.50	78.80-79.00	—

Sales: 43 (205) lots of 15 tonnes nil (33) at 5 tonnes. Physical closing prices (buyer) were: Spot 55.25p (55.00p); Dec 54.25p (54.00p); Jan 55.50.

SOYABEAN MEAL

The market opened higher on weaker sterling, reports T. G. Roddick. Prices drifted in thin conditions with profit-taking easing values.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	131.80-32.1	—0.20	—
February	136.10-36.8	—0.70	136.70-36.50
April	138.50-39.0	—0.25	139.10-38.00
June	140.50-41.0	—1.50	—
August	141.50-44.0	—0.75	—
October	145.00-47.5	—0.25	—
Dec	145.00-50.0	+0.50	—

Sales: 78 (249) lots fo 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 353 tonnes. Operations strengthened as buyers became more confident about prospects, and stocks were renewed. Activity centred on North and South American styles, with additional support in African qualities.

POTATOES

LONDON POTATO FUTURES—Despite heavy weekend rainfall the market eased a little on the opening before steadying gradually to close slightly off the highs, reports Coley and Harper. Closing prices: Nov 77.80, —20.20, (high 78.00, low 77.00); Feb 91.30, +0.70, (high 91.50, low 89.80); April 103.80, +0.40, (high 104.20, low 102.70). Turnover: 176 (164) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE — Raw sugar £154.00 (same) a tonne cif Oct-Nov-Dec shipments. White sugar daily price £173.00 (same).

Despite the weakness of sterling against the dollar opening levels were lower. Selling interest persisted before stronger buying produced a steadier close, reports C. Czarnikow.

No.4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	155.80-55.95	155.25-56.75	155.50-54.50
March	162.25-62.40	163.55-63.70	165.00-61.25
May	166.30-66.40	167.70-67.80	169.00-65.50
Aug	170.20-70.30	172.10-72.30	172.50-69.50
Oct	175.35-75.40	176.60-76.90	177.25-74.50
Jan	177.00-77.50	177.75-78.50	177.50-79.50
March	180.35-80.75	181.00-81.70	179.50

Sales: 5,214 (4,389) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.0 (same) a tonne fob for home trade and £263.0 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for October 23: Daily price 11.53 (11.08); 15-day average 12.11 (12.19).

JUTE

JUTE—Nov c and f Dundee: BWC £284, BWD £232, BTB £332, BTC £289, BTD £254. Antwerp c and f BWC $526, BWD $430, BTB $613, BTC $537, BTD $440. Dundee Nov 40 in 10 oz £10.74, 40 in 7.5 oz £8.10. B Twills £31.01.

TEA AUCTION

LONDON TEA AUCTION—20,768 packages were on offer at yesterday's auction. Assams met good competition: selected quality lines remained firm although medium kinds were mostly 1-3p per kilo lower, plain colouty sorts were often dearer. New seasons Bangladesh teas met strong support at prices above brokers' valuations. Bright Kenyas came to an active market at firm rates with dusts dearer while medium East Africans generally sold at improved prices. The small quantity of Ceylons catalogued sold well. South Indians were also mainly dearer. Quotations: Quality 117p per kilo (120p), medium 110p per kilo (108p), plain 84p per kilo nominal (85p).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 486.0, 487.0, 486.5-483.0; Mar 502.5, 503.0, 502.5-501.0; May 513.5, 515.0, 514.0-512.5; July 521.5, 522.0, 522.0-520.0; Oct 519.0, 520.0, 520.0-518.0; Dec 522.5, 524.0, 522.0; Mar 528.0, 529.0, untraded. Sales: 104.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 380, 383, nil; Jan 382, 385, nil; Mar 390, 393, nil; May 397, 399, nil; Aug 410, 412, 411; Oct 417, 419, 418; Dec 420, 423, 422; Jan 423, 426, 425; Mar 428, 433, nil. Sales: 32.

BRADFORD WOOL—A little more business is being done with exports again making a useful contribution, facilitated by currency factors which are adding to home market problems however. Hopes of cheaper raw material costs have receded and fears of prolonged high interest rates persist.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.9 to 79.8; Ulster hindquarters 86.7 to 89.7, forequarters 60.5 to 62.0; Eire hindquarters 85.0 to 89.0, forequarters 59.5 to 62.0. Veal: Dutch hinds and ends 123.0 to 126.0. Lamb: English small 67.0 to 73.0, medium 68.0 to 71.5; Imported Frozen: New Zealand PL 65.0 to 65.5, PM 65.5 to 66.0. Pork: English, under 100 lb 45.0 to 56.0, 100-120 lb 46.0 to 56.0, 120-160 lb 42.5 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 89.15p per kg lw (+0.24). UK—Sheep 152.59p per kg est dcw (—11.41). GB—Pigs 81.20p per kg lw (+0.23).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.25, 138 5.20, 150 4.95. Satsumas—Spania: 3.50-4.20; Outspan: 8.00-9.00. Lemons—Cyprus: 5.50-6.50; Turkish: 5.00-6.00; Italian: 60/120s 8.00-8.50. Grapefruit—U.S.: Pink 48s 8.00; Cuban: 36/40/48s 4.30-4.60, pink 32/49s 4.60-5.20; Jaffa: 60s 5.50; *Honduras:* 5.50-5.80. Cyprus: 6.00. Apples—French: new crop Golden Delicious 20-lb 3.20-3.50, 40-lb 6.00-7.00, Stark Crimson 40-lb 7.00-7.80, 20-lb 3.50-3.60, Granny Smith 8.00-9.00. Spanish: Golden Delicious 40-lb 5.40-6.00; U.S.: Red Delicious 8.00-14.00. Pears—French: per pound Comice 0.18-0.23; Dutch: Comice 14-lb 3.30-3.60; Italian: Per pound Williams' 0.18-0.21. Plums—U.S.: per pound 0.45-0.55. Grapes—Spanish: Almeria 11-lb 1.80-2.40. Negro 2.50-2.80; Greek: Black 3.20-3.50; Italian: Italia, per pound 0.30-0.35. Strawberries—U.S.: 2.00. Raspberries—U.S.: 1.75-1.80. Melons—Spanish: 10-kilos green 3.00-4.00. Pineapples—Ivory Coast: each 0.40-1.10. Bananas—Colombian: per pound 0.19. Avocados—U.S.: large box 5.50-6.00, small box 4.00-4.50; Israeli: 4.50-5.60; Canary: 5.00-6.50. Pomegranates—Spanish: 24/60s 2.20-3.00. Dates—Tunisian: 30s 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8oz 0.19-0.20. Tomatoes—Dutch: 1.80-2.00; Spanish: 1.50-2.00. Onions—Spanish: Grano 3/5 3.50-3.70. Capsicums—Dutch: 5-kilos, red 5.80, green 3.80, yellow 9.00; Spanish: red 4.00, green 3.00. Aubergines—Dutch: 5-kilos 7.80. Cabbages—Dutch: white 2.80, red 3.00. Chillies—Dutch: 3-kilos 3.00. Artichokes—French: Globe 24s 8.40. Chicory—Belgian: 3-kilos 3.00. Cucumbers—Canary: 2.40-2.80. Carrots—Dutch: 20-lb 2.00, pre-pack 2.50. Endive—French: 4.50. Fennel—Italian: 25-lb 7.00. Chestnuts—Italian: 5-kilos 3.00-4.60; Spanish: 3.00-4.50. Asparagus—Australian: 2.00; South African: 1.50-1.60.

English Produce: Potatoes—Per 55-lb white 2.40-2.70, red 2.60-3.00, King Edwards 2.80-3.30, jacket 3.30-3.50. Mushrooms—Per pound, open 0.40-0.50, closed 0.60-0.80. Apples—Per pound, Bramley 0.12-0.22, Cox's 0.18-0.27, Worcester Pearmain 0.12-0.20, Russet 0.15-0.20. Pears—Per pound Conference 0.12-0.18; Comice 0.15-0.22. Tomatoes—Per 12-lb, D/E 1.20-1.40. Cauliflowers—Per 12 3.30-4.00. Cabbages—Per bag, Primo 30-lb 1.00-1.40. Lettuces—Per 12, round 1.00-1.60, Cos 10/12s 1.40-1.80, Webb's 1.60-2.00. Radishes—Per pack 12 x 8-oz 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.40-2.80. Carrots—Per 28/28-lb 0.70-1.00. Beetroots—Per 28-lb 1.00-1.20. Fennel—Per 10-lb 3.00. Parsnips—Per 28-lb 1.60-2.00. Swedes—Per net 0.80-1.00. Leeks—Per 10-lb 1.40-1.60. Sprouts—Per 20-lb 2.40-3.20. Pumpkins—Per pound 0.08-0.10. Turnips—Per 28-lb 1.50-1.80. Celery—Per 10/36 Hassey 2.50-3.40.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.00, codling £2.80-£4.00. Large haddock £3.50-£4.40, medium £3.00-£3.20, small £2.40. Medium plaice £5.00-£6.00, best small £4.00-£5.30. Skinned dogfish (large) £8.00-£8.50, (medium) £5.00-£6.30. Lemon soles (large) £13.50, (medium) £12.00. Rockfish £2.40-£3.60. Saithe £2.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 26 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1145/1175	—5	$1115/1145
Copper			
Cash w'bar	£907.5	+2.5	£912.5
3 mths	£937.75	—4	£946.75
Cash Cathode	£905.5	+2	£913.5
3 mths	£932.5	—5	£943.5
Gold troy oz	$435.5	—5	$423
Lead Cash	£394.5	......	£373.125
3 mths	£406.75	—1	£386.75
Nickel	£4219.5	......	£4,186.25
Free mkt	245/295c	......	248/275c
Platin'mtr'y oz	£260	......	£260
Freemkt	£228.40	......	£219.35
Quicksilver	$420.425	......	$426/430
Silver troy oz	496.40p	—2.35	495.85p
3 mths	515.85p	—1.95	514.15p
Tin Cash	£8,167.5	—22.5	£8240
3 mths	£8365	—12.5	£8287.5
Tungsten22.0lb	$142.61	......	$145.86
Wolfrm22.04lbs	$136-141	......	$144/148
Zinc Cash	£504.5	—1	£467.5
3 mths	£519.75	—28.5	£48.525
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$585v	—5	$535
Groundnut	‡		‡
Linseed Crude	£460x	......	£500
Palm Malayan	$512.5z	......	$507.5
Seeds			
Copra Philip.	$370	......	$335
Soyabean (U.S.)	$263.5y	+0.5	$263
Grains			
Barley Fut. Jan	£103.40	—0.50	£104.40
Maize	£127.25y	......	£127.50
Wheat Fut. Jan	£108.10	—0.85	£110.50
No2 Hard Wint.	‡		‡
Other commodities			
Cocoa ship't*	£1,244	—15	£1,408
Future Mar.	£1174.5	—19.5	£1,312.5
Coffee Ft' Jan.	£1130.5	—3	£1,082
Cotton A.Index	74.25c	—0.5	75.20c
Gas Oil Nov.	$321.25	—1.75	$305.75
Rubber (kilo)	55.25p	+0.25	54p
Sugar (Raw)	£154xz	......	£172
Woolt'ps 64s kl.	390p kilo	......	480pkilo

‡ Unquoted. z Dec. y Nov. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Oct 26

PRECIOUS METALS and copper declined sharply as the markets were unable to respond to the bullish Polish situation and came under pressure from lower foreign currencies. Short covering in heating oil was triggered by rumours that the OPEC meeting might produce a cutback in oil production. The pork complex finished slightly higher on a late short covering rally while cattle closed much lower on a steady liquidation, both technical and fundamental. Cotton recovered from early weakness caused by a disappointing consumption report and closed with little change, reported Heinold.

Copper—Oct 73.35 (73.90), Nov 73.45 (74.10), Dec 74.45-74.70, Jan 75.50, March 77.45-77.60, May 79.40-79.60, July 81.45, Sept 83.40, Dec 86.20, Jan 87.10, March 89.00, May 90.90, July 92.80.

Potatoes (round whites)—Nov 65.0-66.0 (66.9), Feb 70.5 (72.8), March 74.1, April 84.2-84.3. Sales: 400.

Sugar—No. 11: Jan 11.05-11.15 (11.30), March 11.60-11.62 (11.86), May 11.94-11.95, July 12.21-12.24, Sept 12.50-12.51, Oct 12.71-12.73, March 13.42-13.45. Sales: 4,530.

Tin—670.00-676.00 (674.00-689.00).

*Gold—Oct 426.0 (430.3), Nov 425.3 (431.0), Dec 429.5-430.2, Feb 439.5-440.5, April 451.3, June 459.5-464.2, Aug 473.9, Oct 485.6, Dec 497.4, Feb 509.3, April 521.2, June 533.1, Aug 545.1.

¶Silver—Oct 889.0 (915.0), Nov 890.0 (916.5), Dec 900.0-905.0, Jan 914.0, March 933.0-940.0, May 962.0-965.0, July 985.5, Sept 1009.0, Dec 1044.5, Jan 1056.0, March 1079.0, May 1102.0, July 1125.0. Handy and Harman bullion spot: 898.00 (909.00). Sales: 0,000.

*Platinum—Oct 404.0 (409.0), Jan 413.5-414.0 (417.7), April 429.0, July 443.8, 443.8, Oct 458.8. Sales: 1,084.

WINNIPEG, Oct 26

§Barley—Oct 122.00 (122.50), Dec 123.60 (125.40), March 130.20, May 133.40, July 136.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 253.34 (253.09).

CHICAGO, Oct 26

Lard—Chicago loose 20.25 (same).

Live Cattle—Dec 63.52-63.40 (64.17), Feb 63.55-63.65 (64.32), April 64.40-64.45, June 65.10-65.15, Aug 64.70-64.80, Oct 63.75.

Live Hogs—Dec 48.20-48.15, Feb 49.10-49.20, April 46.85-46.90, June 49.60, July 50.15, Aug 49.45-48.80, Oct 47.35, Dec 47.80, Feb 47.60.

‡‡Maize—Dec 285-285¼ (287¼), March 304½-304½ (306¼), May 316¾-317, July 325½-325¾, Sept 331¾, Dec 337¾-337½.

Pork Bellies—Feb 66.80-67.00 (66.55), March 66.65-66.80 (66.62), May 67.70-67.85, July 68.40, Aug 67.80.

†Soyabeans—Nov 644-643 (650), Jan 663½-661 (669½), March 684½-684, May 706, July 734, Aug 727½, Sept 728½-729½, Nov 736, Jan 753.

‖Soyabean Meal—Dec 187.6-187.4 (189.2), Jan 191.7-191.5 (193.5), March 197.5-197.7, May 202.5-203.0, July 208.5-209.0, Aug 210.0, Sept 210.0-211.0, Oct 211.0-212.0, Dec 214.0-215.00.

Soyabean Oil—Dec 20.68-20.65 (21.02), Jan 21.12-21.11 (21.46), March 21.91-21.95, May 22.60, July 23.25, Aug 23.40-23.45, Sept 23.60, Oct 23.80-23.95, Dec 24.05-24.06.

†Wheat—Dec 437-437½ (437¼), March 464-463½ (464¼), May 473½-473, July 468½-468¼, Dec 497.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

PARIS, Oct 26.

Cocoa—(FFr per 100 kilos): Dec 1191/1205, Mar 1201/1205, July 1212 bid, Sept 1230/1235, Dec 1243 asked, Mar 1255 asked. Sales at call: 12.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow Oct 127, Nov 125.75, Dec 129, Jan 135.50, Feb 139, Mar 142, Jan/Mar 137.75, April June 144 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 258.10, Nov 257, Dec 262.50, Jan 269, Feb 273.75, Mar 278.25, April 282.70, May 286.30, June 290.50 sellers.

Soymeal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 226, Oct 227.75, Dec 230, Nov/Mar 237, April/Sept 258 sellers. Brazil Pellets Oct 248, Nov 247, Dec 250, Nov/Mar 257, April/Sept 267.50 sellers.

ROTTERDAM, Oct 26.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Nov 205, Dec 209, Jan 215, Feb 217, Mar 219. U.S. No Two Red Winter Nov 185, Dec 193. U.S. No Three Amber Durum Nov 196, Dec 202, April/May 207. U.S. No Two Northern Spring 14 per cent Oct 193, Nov 195.50, Dec 198, April-May 210.

Sugar—(FFr per tonne): Dec 1770-1775, March 1795-1800, May 1840-1850, July 1850-1890, Aug 1895-1920, Oct 1935-1970, Nov 1935-1970, Dec 1950-1990. Sales at call: Nil.

INDICES

FINANCIAL TIMES

Oct. 23	Oct. 22	Month ago	Year ago
259.99	258.61	260.80	276.87

(Base: July 1, 1952=100).

MOODY'S

Oct. 23	Oct. 22	Month ago	Year ago
999.7	1000.7	1013.4	1331.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 23	Oct. 22	Month ago	Year ago
Spot	353.22	351.91	351.34	488.02
Fut'rs	371.53	369.05	371.21	505.20

(Average 1924-25-26=100).

REUTERS

Oct. 26	Oct. 23	M'nth ago	Year ago
1659.7	1657.4	1668.4	1751.2

(Base: September 18, 1931=100)

Gilt-edged slide continues but equities show stability ahead of Friday's Cable and Wireless subscription

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30

* "New time" dealings may take place from 9 am two business days earlier.

Adverse influences, such as unabating upward pressures on short-term interest rates, which particularly affected Gilt-edged securities, the unresolved situation at BL and Wall Street's weakness last Friday, made little impression on London equities yesterday. The new trading Account began cautiously with dealers ignoring the Liverpool University Research group's optimism about the economic outlook, and anticipating a reduced trade because of investors continuing to reserve funds for this week's **Cable and Wireless** issue.

This latter expectation was fulfilled and values began edging lower, but the market became more stable on friendly buying ahead of Friday's application for Cable and Wireless shares. Some professionals running short positions became unsettled and the closing of these commitments reinforced the better tone. Thorn EMI were notably prominent in this respect, while investment buying in front of Thursday's third-quarter results took ICI higher.

Hopes that Opec members would agree a common pricing policy at Thursday's meeting continued to generate business for leading issues and also for secondary and the more speculative stocks in Oils, easily the brightest of the sectors. A further setback in early New York dealings yesterday failed to disturb equity sentiment in London's late trade and the FT Industrial Ordinary share index settled a mere 0.1 down at 461.8, after having been 1.7 off at the first calculation.

Government stocks offering yields a hair's breadth under 17 per cent failed to tempt investors still nervous about the trend in interest rates and the possibility that the clearing banks may soon be forced to raise their base rates. Reports that the Treasury is resigned to losing the battle over spending cuts was another deterrent to buyers and, in continuing thin trading, fresh losses of ½ were sustained at both ends of the market. The FT Government Securities index dropped 0.22 more to another five-year low of 60.17.

South African Gold shares sustained sizeable falls on Swiss selling following the withdrawal of recent good Johannesburg support. Losses among heavyweight issues ranged to over two points and the FT Gold Mines index lost 18.7 for a two-day slide of 29.4 to 356.3.

The paucity of interest in the underlying securities was fully reflected in Traded options where a meagre 686 deals were arranged, the lowest for six weeks. Calls traded amounted to 439, of which ICI accounted for 103 and Lonrho for 85. Put business was dominated by Racal, which recorded 98 trades out of 247.

Animal foodstuffs concern Sheldon Jones made a quiet debut in the Unlisted Securities Market; the shares opened and closed at 69p compared with the placing price of 67p. Yesterday also saw the official listing of Mid Wynd International Investment Trust at 56½p.

Grindlays easier

Another day of minimal activity in the banking sector saw the major clearing banks drift lower on lack of support. **Lloyds** lost 5 to 375p. **Midland** cheapened 4 to 302p as did **NatWest**, to 352p, while **Barclays** gave up a few pence to 395p. Elsewhere, **Grindlays** eased 4 to 198p on fading bid hopes. Up 16p last week on hopes that the Monopolies Commission will allow the bids from Hong Kong and Shanghai and Standard Chartered to proceed, **Royal Bank of Scotland** continued firmly at 160p, up a penny. **ANZ** rose 12 to 332p on revived investment demand.

London United Investments rose 4 to 197p in response to Press comment. Elsewhere in Insurances, improvements of 7 and 8 respectively were recorded in **Stewart Wrightson**, 215p, and **Sun Alliance**, 862p.

Selected regional Breweries gained ground on renewed speculative support: **Davenports** closed 4 dearer at 111p, while **Vaux**, 118p, and **Boddingtons**, 147p, rose 3 apiece. Among idle Wines and Spirits, preliminary profits from **Highland** came in line with market estimates and despite the cautious tone of the chairman's accompanying statement the close was a couple of pence firmer at 79p.

Leading Building issues displayed an easier bias, **BPB Industries** shedding 4 to 236p and **Blue Circle** a couple of pence to 442p, while **Taylor Woodrow** lost 10 to 460p. Another gloomy survey of the prospects for housebuilders, coupled with Press comment highlighting increased competition in the sector, unsettled **Barratt Developments** which relinquished 7 to 203p and **Wimpey** which gave up 3 to 79p. **Countryside** also shed 3, to 86p, but revived speculative demand in a thin market lifted **Wiggins Construct** 5 to 71p.

Feb International "A" touched 76p before closing a net 2 dearer at 74p following the good half-yearly results and increased dividend, but **Allied Plant** dropped 5 to 16p, after 15p, on further consideration of the interim profits slump and dividend omission. Recently firm **George M. Callender** eased 4 to 60p; the interim results are due tomorrow.

Sporadic support and the absence of sellers in front of Thursday's third-quarter figures lifted **ICI** 6 to 262p. Among other Chemicals, **Anchor** attracted support and added 3 to 78p.

Kean and Scott revive

Leading Stores opened the new Account on the same subdued note as the last one ended and price movements were usually restricted to a penny or two either way. **W. H. Smith** closed 3 harder at 148p after favourable comment and **John Menzies** firmed 5 to 190p in sympathy. Revived speculative support lifted **Tern-Consulate** 4 to 70p and **Kean and Scott** 6 to 34p, while news that **British Land**, unchanged at 70p, has increased its stake in **J. Hepworth** to 8.6 per cent lifted the last-mentioned 2 to 86p.

Having fallen 20 last Friday on a broker's downgraded profits forecast, **Thorn EMI** rallied 5 to 398p on technical influences. Secondary issues were featured by a jump of 23 to 443p in **United Scientific** following revived demand in a thin market. **Suter** added 3 to 55p.

Favourable reports on the company from institutions who visited a trade fair last week led to renewed buying of **Mining Supplies**, which followed Friday's rise of 6 with a jump of 12 to 120p, after 123p. Other Engineerings closed mixed. **Matthew Hall** ended 4 up at 177p in response to U.S. acquisition details and **Acrow "A"** hardened 2 to 36p in response to Press comment. **West Bromwich Spring** edged forward a penny late to 12p on satisfactory interim results, but **British Aluminium** were friendless again at 37p, down 3. **S. W. Farmer** fell 12 to 130p xd.

Among the occasional bright spots in Foods, **RHM** added 1½ to 53½p and **Fitch Lovell** a penny to 72p, both on revived bid hopes. Demand ahead of today's annual results left **Brooke Bond** 2 dearer at 47p, while an investment recommendation prompted a gain of 5 to 69p in **Needlers**.

Reed Int. down

Miscellaneous industrials got the new Account off to a quiet start. The closing trend was mixed with **Reed International** ending 4 lower at 224p; the interim results are due on November 3. **Bowater** eased 2 to 198p, but **Beecham** hardened that much to 188p. Elsewhere, **Hoskins and Horton** added 3 to 130p, after 133p, following Press comment, while **Nu-Swift Industries**, firm last week on the *announcement* that UTA Freight had acquired a near-10 per cent stake in the company, added a penny more to 34½p, after 36½p. Publicity given to a broker's circular left **Dundonian** a penny dearer at 51p and **Elliott Group of Peterborough** hardened a penny more to 44p in sympathy with a fresh rise of 3 to 68p by bidder **Jenks and Cattell**. **Bath and Portland** put on 4 to 57p and **Wolseley-Hughes** gained 6 to 233p but **Hoover "A,"** still reflecting rationalisation plans, fell 3 further to 83p.

Continuing uncertainty over the situation at BL resulted in a nervous session among Motor sectors, but prices held up reasonably well. **Lucas** shed 3 more to 183p, but **A.E.**, at 36p, recovered Friday's fall of 1½. Carburettor makers **Solex UK**, which last week announced a move into the liquefied petroleum gas conversion market, rose 5 to 40p. Elsewhere, **Henlys** were wanted at 69p, up 4, while **British Car Auction**, preliminary results due today, added a couple of pence to 73p.

Properties adopted a quietly firm stance despite the uncertain outlook for short-term interest rates. **Land Securities**, 284p, and **MEPC**, 204p, added 3 apiece. Demand ahead of tomorrow's annual results lifted **London and Provincial Shop Centres** 15 to 400p, while occasional interest left **Trafford Park Estates** 5 dearer at 130p.

Candecca good

Leading Oils made fresh progress ahead of next Thursday's OPEC meeting at which the price of crude oil is expected to be unified. **Shell** firmed 10 more to 366p, while **British Petroleum** touched 304p before closing a net 4 up at 300p. Among the more speculative issues, **Candecca** jumped 17 to 198p after Press comment highlighting the prospects for the company's onshore well at Brigg, Humberside, while **Atlantic Resources** advanced 40 to 305p pending the Irish Government's statement on the Porcupine Basin. Newspaper comment also stimulated support for **Berkeley Exploration**, which put on 22 to 327p. **Sovereign** revived and gained 27 to 367p and **IC Gas** firmed 8 to 180p. Dealings in **North Sea Assets** were suspended at 147p pending a full Stock Exchange listing; trading is to be resumed on Thursday.

Among Textiles, **Coats Patons**, interim results due on Thursday, gained the turn to 63½p, while renewed speculative support lifted **Sirdar** 4 to 210p and **Earlys of Witney** 2½ to 24p xd.

South African industrials ended with moderate losses reflecting conditions in the Gold shares market. **Abercom** gave up 12 to 173p and **OK Bazaars** 25 lower at 950p.

McLeod Russel stood out in otherwise idle Plantations, rising 8 to 338p following Press comment.

Golds under pressure

A generally weak mining market was featured by persistent and heavy selling of South African Golds, which fell to their lowest levels for three months.

The selling was sparked off by a further decline in the bullion price, finally $5 lower at $425.50 per ounce, and continued throughout the day with particularly sizeable offerings emanating from Switzerland, London and New York.

Johannesburg support, much in evidence in recent weeks, was withdrawn, and prices fell sharply with the Gold Mines index 18.7 down at 356.3.

In the heavyweights, **Hartebeest** were aggressively sold and dropped £2¼ to £29½, while losses ranging from £1½ to around £2 were common to **Southvaal**, £17½, **Vaal Reefs**, £33, **Western Deep**, £18, and **Western Holdings**, £31½.

Lower-priced issues were highlighted by **Unisel**, which lost 58 to 436p, and **Elandsrand**, 48 cheaper at 243p; the latter were additionally burdened by disappointing quarterly results.

The heavy loses in Golds prompted sympathetic falls in other South African stocks. **"Amgold"** and **GFSA** gave up in excess of a point apiece at £47½ and £42 respectively, while **De Beers** dipped 9 to 337p and the Platinum producer **Impala** 15 to 385p.

London Financials were dull but by no means as heavily sold as South Africans. **Gold Fields** were finally 13 cheaper at 477p and **Charter Consolidated** 5 down at 215p. **Rio Tinto-Zinc** fell to 432p in the early trading, unsettled by adverse Press comment, but rallied to close only 6 easier on balance at 426p.

Awaiting bid developments, **Tanks** touched a 1981 high of 458p and closed a net 2 firmer at 457p.

FINANCIAL TIMES STOCK INDICES

	Oct. 26	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	A year ago
Government Secs	60.17	60.39	60.44	61.07	61.32	61.32	71.71
Fixed Interest	61.61	62.19	62.32	62.62	62.62	62.59	72.30
Industrial Ord.	461.8	461.9	467.3	476.5	473.3	464.3	498.1
Gold Mines	356.3	375.0	385.7	385.9	389.2	380.0	488.5
Ord. Div. Yield	6.44	6.45	6.37	6.25	6.28	6.41	7.36
Earnings, Yld. % (full)	10.98	11.0	10.86	10.61	10.67	10.87	16.64
P/E Ratio (net) (*)	11.69	11.67	11.82	12.10	12.08	11.80	7.33
Total bargains	13,800	16,174	14,367	15,277	14,161	14,617	22,537
Equity turnover £m.	—	108.10	101.06	66.67	85.97	75.58	131.65
Equity bargains	—	13,644	11,208	8,871	9,685	9,266	17,631

10 am 460.2. 11 am 460.9. Noon 462.4. 1 pm 462.3.
2 pm 461.8. 3 pm 461.9.

Latest index 01-246 8026.

*Nil = 10.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS / S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	282.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

	Oct. 23	Oct. 22
—Daily Gilt-Edged Bargains	160.9	144.8
Equities Bargains	81.9	72.5
Value	218.5	204.2
5-day Avrge. Gilt-Edged Bargains	158.2	158.5
Equities Bargains	66.9	62.6
Value	176.8	163.4

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (7)

INDUSTRIALS (4)
Dyson (J. & J.) Do. A; Hoskins & Horton; Nu-Swift

MOTORS (1)
Alexanders

MINES (2)
Tanks Con.; Tanks Con. Pref.

NEW LOWS (89)

BRITISH FUNDS (25)
Treas. 14pc 1982; Fndg. 5½pc 82-84; Exchgr. 11½pc '84; Exchgr. 3pc 1984; Treas. 15pc 1985; Exchgr. 12pcCnv '85; Treas. 11½pc '85; Exchgr. 12½pc '85; Exchgr. 11½pc '86; Treas. 12pc 1986; Treas. 8¼pc '84-86; Exchgr. 13½pc '87; Treas. 12pc 1987; Treas. 13pc 1990; Treas. 11¾pc '91; Fndg. 5¾pc '87-91; Fndg. 6pc 1993; Treas. 13¾pc 1993; Treas. 9pc 1994; Treas. 12¾pc 1995; Exchgr. 10¼pc 1996; Exchgr. 12pc 1998; Treas. 10½pc 1999; Treas. 14pc '98-01; Treas. 12½pc 03-05

CORPORATION LOANS (3)
Bath 11½pc 1985; O'ham 12½pc 1985; LCC 5½pc 1982-90

COMM'WEALTH & S. AFRICAN LOANS (1)
N.Z. 7½pc 1988-92

FOREIGN BONDS (1)
Ireland 9¾pc '91-96

AMERICANS (2)
Fluor Corp.; Kaiser Aluminium

BUILDINGS (3)
Allied Plant; Bett Brothers; Redland

CHEMICALS (1)
Ciba Geigy 8¾pc Cnv. 1982-95

STORES (5)
Debenhams; Goldberg (A.); Pullman (R. & J.); Time Products; Woolworth

ELECTRICALS (2)
Murray Tech. Inv.; Newmark (Louis)

ENGINEERING (2)
Ransomes Sims; Stothert & Pitt

FOODS (2)
Argyll Foods; Low (William)

INDUSTRIALS (9)
Brammer (H.); Brown Boveri Kent; Dentsply 9pc Conv 1991-96; Elbar Ind.; Grampian Hldgs.; Hesworth Ceramic; Hoover 'A'; Ozalid Fin. Conv.; Starelco

MOTORS (3)
York Trailer; Delight; Arlington Motor

PAPER (1)
DRG

PROPERTY (2)
Goodchild (W.); Swire Props.

TRUSTS (15)
Anglo-Scot. Inv.; Border & Southern; Capital & Nat. Do. B; Ch. Islands Inc. Do. Cap.; Charter Trust; Dominion & General; Elect. & General; Industrial & Genl; Scot. National; Stckhldrs. Far East; Wemyss Inv.; London Merchant Do. 7½pc Conv Uns. 2000-05

OILS (1)
Tri-Basin Pet

MINES (11)
Coronation; Falcon; Roan Cons.; CRA; Endeavour; Great Eastern; Greenbushes Tin; Hampton Areas; Jimberlana; Pacific Copper; Peko-Wallsend

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	82	9
Corpns., Dom. and Foreign Bonds	3	12	55
Industrials	264	249	856
Financial & Props.	108	115	264
Oils	41	22	40
Plantations	3	3	17
Mines	13	93	61
Others	59	45	86
Totals	491	621	1,408

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price change	Friday's closing price pence	Day's change	Stock	No. of price change	Friday's closing price pence	Day's change
RTZ	23	450	−13	Shell Trans.	15	356	+4
BP	21	296	+4	Bowater	15	200	−5
GEC	20	670	−8	Brit. Aero.	15	175	−2
ICI	20	256	+2	Marks, Spencer	15	110	−1
KCA Int.	19	135	+8	Nth. Kalgurli	15	81	+8
LASMO	17	490	+15	Plessey	15	233	−1
Racal Elec.	17	378	−7	Tozer Kemsley	15	70	−2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Devs.	203	−7	Lucas Industries	183	−3
Boustead	131	−2	Shell Transport	366	+10
BP	300	+4	Ultramar	478	+5
GEC	670	—	Unisel	436	−58
Glaxo	390	+2	Vaal Reefs	£33	−2¼
ICI	262	+6	W. Holdings	£31½	−1½

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8

For rate indications see end of Share Information Service

Calls were taken out in Town and City Properties, Candecca, Associated Fisheries, ICL, Pleasurama, Royal Bank of Scotland, Crest Nicholson, Southern Pacific Petroleum, Manchester Ship Canal, Nu-Swift, Courtaulds, Central Pacific Minterals, KCA Drilling and Lonrho. Puts were arranged in MFI and Barratt Developments, while Blue Circle and Lucas were dealt in for the double.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon., Oct. 26, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Oct. 23 Index No.	Thurs. Oct. 22 Index No.	Wed. Oct. 21 Index No.	Tues., Oct. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	305.72	—	11.49	5.16	10.77	305.83	311.28	314.99	313.77	293.71
2	Building Materials (25)	262.20	−0.5	17.13	6.56	6.66	263.49	269.19	272.41	272.72	249.72
3	Contracting, Construction (28)	474.60	−1.6	19.88	5.80	5.85	482.41	469.66	488.65	486.59	425.54
4	Electricals (30)	1029.37	−0.1	8.86	2.79	14.09	1030.17	1045.01	1063.45	1061.49	947.88
5	Engineering Contractors (9)	426.31	+0.2	15.20	6.45	7.76	425.60	432.45	432.95	429.49	362.62
6	Mechanical Engineering (66)	171.07	+0.5	12.96	6.41	10.02	170.18	173.74	174.59	171.97	182.11
8	Metals and Metal Forming (13)	145.13	+0.2	9.93	8.16	13.64	144.85	149.01	150.60	150.10	152.97
9	Motors (21)	84.52	+0.2	—	7.98	—	84.38	86.46	87.86	86.93	95.99
10	Other Industrial Materials (18)	323.61	+0.6	10.20	6.98	11.94	321.67	326.77	331.23	332.05	0.00
21	CONSUMER GROUP (197)	241.90	+0.1	14.51	6.73	8.50	241.75	245.11	247.73	248.21	246.35
22	Brewers and Distillers (20)	246.11	+0.1	18.23	7.86	6.61	245.97	248.75	254.13	255.44	282.61
25	Food Manufacturing (21)	239.33	+0.3	16.69	7.04	7.23	238.73	240.86	241.92	242.43	217.42
26	Food Retailing (15)	483.78	+0.8	10.13	3.75	11.96	479.96	489.60	499.04	500.98	406.91
27	Health and Household Products (7)	310.30	+0.7	9.55	4.94	12.43	308.02	311.73	315.77	316.43	230.31
29	Leisure (24)	381.25	+0.3	10.66	5.78	11.62	380.02	392.26	395.64	394.30	362.41
32	Newspapers, Publishing (12)	436.13	—	14.49	6.91	9.89	436.07	437.59	434.72	434.72	445.49
33	Packaging and Paper (13)	118.73	−1.0	15.73	8.97	7.74	119.96	122.09	124.34	124.08	126.78
34	Stores (45)	211.94	−0.5	13.73	6.35	9.73	213.05	215.88	216.27	217.01	253.83
35	Textiles (23)	139.21	+0.5	9.10	6.60	15.28	138.48	139.62	139.02	140.22	130.51
36	Tobaccos (3)	243.47	−0.2	23.35	10.69	4.93	243.86	245.54	252.28	250.90	222.00
39	Other Consumer (14)	240.92	−0.8	9.39	7.20	16.26	242.81	247.55	246.63	246.76	0.00
41	OTHER GROUPS (80)	202.55	+0.5	12.19	6.99	10.50	201.51	203.76	205.39	204.38	225.29
42	Chemicals (16)	265.68	+1.5	6.00	6.76	27.97	261.79	261.69	266.41	264.75	307.76
44	Office Equipment (5)	92.80	−0.9	18.40	9.21	6.53	93.62	95.87	95.99	95.79	110.23
45	Shipping and Transport (13)	444.28	+0.2	23.86	8.25	4.99	443.40	452.41	453.49	456.33	520.77
46	Miscellaneous (46)	262.39	−0.2	14.29	6.36	8.47	262.92	267.88	267.82	265.76	286.04
49	INDUSTRIAL GROUP (487)	258.25	+0.1	13.07	6.16	9.49	258.04	261.92	264.76	264.45	261.10
51	Oils (13)	699.11	+1.9	20.37	8.07	5.56	686.12	678.10	699.31	687.50	974.13
59	500 SHARE INDEX	293.96	+0.4	14.46	6.53	8.36	292.72	295.65	299.97	298.74	317.45
61	FINANCIAL GROUP (119)	235.54	—	—	6.45	—	235.58	237.56	238.96	239.27	258.16
62	Banks (6)	247.53	−0.9	36.07	7.61	3.26	249.66	250.59	253.36	253.82	263.23
63	Discount Houses (10)	232.32	−1.3	—	9.65	—	235.49	241.24	244.55	246.71	299.05
64	Hire Purchase (3)	206.71	−0.7	15.05	8.94	9.20	208.19	211.70	213.19	213.39	242.08
65	Insurance (Life) (9)	240.42	−0.6	—	6.65	—	241.97	243.79	243.86	243.87	270.98
66	Insurance (Composite) (10)	155.47	+0.5	—	8.61	—	154.71	156.12	156.04	156.69	176.18
67	Insurance Brokers (8)	404.17	+0.3	11.43	5.97	11.90	402.98	405.80	404.47	401.65	340.18
68	Merchant Banks (13)	138.10	−0.4	—	5.83	—	138.72	139.42	140.08	139.44	158.73
69	Property (50)	414.44	+0.7	4.68	3.44	28.94	411.36	415.31	419.73	421.13	471.64
70	Miscellaneous (10)	159.54	−0.1	20.13	6.88	6.04	159.72	163.47	164.61	163.61	167.31
71	Investment Trusts (110)	265.68	—	—	6.02	—	265.66	270.90	271.95	271.01	294.84
81	Mining Finance (4)	229.73	−2.0	15.00	6.16	8.02	234.45	239.60	242.40	240.18	273.68
91	Overseas Traders (17)	381.09	−0.3	13.98	8.41	8.71	382.27	388.29	394.88	395.76	460.64
99	ALL-SHARE INDEX (750)	281.76	+0.2	—	6.51	—	281.10	284.11	287.61	286.73	307.18

FIXED INTEREST

	PRICE INDICES	Mon. Oct. 26	Day's change %	Fri. Oct. 23	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	103.09	−0.36	103.45	—	9.10
2	5-15 years	96.28	−0.38	96.65	—	11.03
3	Over 15 years	97.41	−0.45	97.85	—	12.32
4	Irredeemables	102.67	+0.38	106.80	4.45	13.50
5	All Stocks	98.56	−0.39	98.99	0.05	10.76
6	Debentures & Loans	76.58	+0.12	77.02	0.54	9.42
7	Preference	58.95	+0.27	58.79	—	6.14

	AVERAGE GROSS REDEMPTION YIELDS		Mon. Oct. 26	Fri. Oct. 23	Year ago (approx.)
	British Government				
1	Low	5 years	14.17	14.04	11.44
2	Coupons	15 years	14.49	14.43	11.41
3		25 years	14.53	14.48	11.41
4	Medium	5 years	16.80	16.63	12.96
5	Coupons	15 years	16.45	16.36	12.98
6		25 years	15.85	15.76	12.74
7	High	5 years	16.62	16.48	13.66
8	Coupons	15 years	16.59	16.52	13.24
9		25 years	16.04	15.97	12.91
10	Irredeemables †		14.17	14.20	10.96
11	Debs & Loans	5 years	17.12	16.97	13.86
12		15 years	17.02	16.93	13.74
13		25 years	16.94	16.90	13.62
14	Preference †		16.80	16.77	14.52

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
‡110	F.P.	13/11	133	120	Habitat	127	+1	u3.6	1.4	4.1	25.8
62	F.P.	2/10	56½	45	Jeavons Eng.	44	.....	b3.75	1.7	12.5	5.6
63	F.P.	—	71	69	✠JohnstonesP'int10p	71	+2	b5.53	2.5	7.1	7.4
28	F.P.	30/10	30	24	✠Lon. Private Health	27	.....	—	—	—	—
...	F.P.	—	56½	52½	Mid Wynd Int. Inv.	56½xc	.....	h2.4	1.0	6.1	—
§67	F.P.	—	69	68	✠Sheldon Jones	69	.....	u3.5	2.4	7.3	7.8
—	F.P.	16/10	192	155	✠UtdFrdl'ylns.B.R.V.	192	+5	mh6.25	—	4.8	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
‡	F.P.	26/10	100½	98	Austin (F.) Leyton 11¼%PtlyCnv.Red 1994	98	......
**	F.P.	—	64	62	Brooke Bond Leibig 8¾% Deb. '87/92	62	......
100	£10	—	12	12	E. Worcs Waterworks 10½% Rd. Prf. '86	12	......
**	F.P.	—	99½	92	Hawley Leisure 12½% Cum. Pref.	92	......
§100	F.P.	—	99¾	98½	Nat'wide Bdg Society 15¾% Bds (29/9/82)	98½	......
§100	F.P.	—	99⅞	99½	do 16½% Bds (27/10/82)	99½	......
97.29	£25	—	23¼	22½	Nova Scotia (Province of) 6¾% Ln2011	23	+½
100	£10	—	101	100	Portsmouth 10% Prf- 1986	100	......
‖£1	Nil	—	½pm	½pm	Staffs. Potts. 10% Cnv. Cum. Prf.	½pm	......
—	—	—	3p	½p	Sterling Credit Warrants	2¼p	+¼
100	£10	—	12	12	TenderingH'dred Water10½%Rd. Prf. '86	12	......
97.35	£30	—	29½	27	Utd. Mexican States 16¼% Ln. 2008	27½	−½

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ◼	1981 High	1981 Low	Stock	Closing price p	+ or −
14	Nil	30/10	20/11	6pm	3pm	British Benzol	3½pm	+½
275	125p	13/7	2/12	182	104	BP	154	+8
20	Nil	—	—	1pm	1pm	Brown & Jackson	1pm	......
76	F.P.	13/10	13/11	78½	69	Brown (J.)	72	+1
182	F.P.	23/10	27/11	191	182	Foseco Minsep	183	−1
90	F.P.	21/10	26/11	103	90½	Heelamat	102	......
250	F.P.	22/10	19/11	282	250	Viner's Units†	250	......
20	Nil	—	—	21pm	19½pm	Websters	19½pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ☐ Issued to former preference holders. ◼ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ordinary of 1p and £1 of 10 per cent Loan 1988.

OFFSHORE & OVERSEAS-contd.

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg
Capital Int. Fund | US$24.90 | ..... | —

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets | £201.01 | 201.07 | +0.29 | —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* | $7.26 | 7.62 | ..... |
Hispano | $43.09 | 45.24 | ..... | 6.34
*Prices at Sept. 30. Next sub. day Nov. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trst. | 1.3770 | 1.4494 | ..... | 4.00
Normandy Com. Tst. | 1.3888 | 1.4619 | ..... | 0.75.4
For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 219.5 | 239.0 | −9.0 | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$90.38 | — | −0.14 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 86.1 | 86.2 | ..... | 15.66
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa | DM29.43 | 30.90 | −3.15 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 16 | $3.64 | 3.82 | ..... | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM16.66 | 17.08 | −0.22 | —
Int. Rentenfonds | DM59.66 | 61.15 | ..... | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Oct 20 | US$29.57 | 31.46 | ..... | .....

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling | 37.4 | 39.3 | ..... | 7.20
DL International | $1.16 | 1.23 | ..... | 5.70

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. | 132.0 | 144.3 | ..... | —

The English Association

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 179.1 | 191.6 | ..... | 3.55

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. | 134.1 | 143.6 | −0.5 | 3.50
H.S. Fxd.Int.Fd. | 83.0 | 87.8 | ..... | 14.00
H.S. Intnl. Gth. Fd. | 115.2 | 122.0 | −1.2 | —
Box 2622, Berne, Switzerland. Telex 33425.

Ramines Managers Ltd.
P.O. Bx. 1549, Hamilton, Bermuda.
RAMINCO Oct. 5

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914
The Silver Trust
Do. Diamond Bd.
Sterling Deposit Bd.
Atlas Gilt & Com. Fd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Antony Wieler Unit Tst. Mngmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Arkwright Management

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Canada Life Unit Trust Mngrs. Ltd.

Cannon (James) Mngt. Ltd.

Cory, Saling Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a)(g)

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court*

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

HK Unit Trust Managers Ltd. (a)

Investment Intelligence Ltd. (a) (g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mgrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Prolific Life Inv. Co. Ltd.

Prudential Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

For Sebag Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group

Sun Life Tst. Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (b) (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE & PROPERTY

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London Wall Insurance Group

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

NPI Pensions Management Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS

Adig Investment

Allianz Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd. (a)(c)(k)

B.I.O. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bridge Management Ltd.

Britannia Tst. Managmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International S.A.

Charterhouse Japhet

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	95	...	5.75	15.75
[illegible]	[illegible]	Do. [illegible]	[illegible]	[illegible]	7.25	15.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.29	15.94
[illegible]	115	[illegible] Non-Ass.	[illegible]		—	—
[illegible]	43	[illegible]	54		6.52	21.20
[illegible]	[illegible]	Do. [illegible]	34		15.55	20.70
355	223	Zimbabwe Ann. [illegible]	325		—	24.75

LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
Public Board and Ind.						
64	57¼	Agric. Mt. 5pc '59-89	57¾	....	8.97	14.66
20½	23¾	Met. Wtr. 3pc 'B'	24¼	....	12.64	14.67
114	97	U.S.M.C. 9pc 1982 ...	100	....	9.33	—
97¼	91	Do. without Warnts.	95	.....	9.85	—
Financial						
101½	94¼	FFI 14pc '83.	94¾	+½	14.78	16.95
92½	83½	FFI(UK Fn)5¾pcDb. '80-2	91½	....	6.01	16.51
83½	77	Do. 6¼pcDb. '81-84	77½xd	+⅛	8.06	17.25
93	84½	Do. 10¾pc Uns.Ln. '86	85½	.....	12.76	16.50
92	80	Do. 11pc Uns.Ln. '88	82	.....	13.99	15.70
92	87	Do. 11¼pc Uns.Ln. '90	81	...	15.20	17.00
98½	78½	Do. 12½pc Uns.Ln. 1992	80		15.86	16.99
64½	54½	Do. 7¼pcADeb. '89-92	56	.....	13.55	16.47
62	51½	Do. 7¼pcADeb. '91-94	52	..	13.94	16.44
72½	59½	Do. 9pc 'A' '91-94...	59½	....	15.33	16.93
70	56½	Do. 8¾pcLn. '92-97	58½	....	15.58	16.73
Building Societies						
100½	98½	N'wide 14¼pcBd11.8.82	98½	....	14.97	—
£100	£98	Do. 14¼pc Bds 25.8.82	98½	....	15.44	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
95	58	Antofagasta Rly...	72	.....	—	—
55	53½	Do. 5pc Pref.....	54	.....	—	—
98	96	Chilean Mixed	98	...	3	5.1
33	14	Chinese 4½pc 1898	18	−2	—	—
22	11	Do. 5pc 1912	13	...	—	—
28	8	Do. 5pc 1913 ...	14	...	—	—
16	9	Do. 5pc '25 Boxer	12	...	—	—
93	76½	Denmark 15pc 2005	78	...	13	17.69
45	36	Greek 7pc Ass.	45	...	3½	18.09
42	33	Do. 6pc 28 Stb. Ass.	42	...	3	17.27
33	30	Do. 4pc Mixed Ass.	35	...	2	15.82
52	39	Hung. '24 Ass......	38	...	2¼	17.49

AMERICANS

Hire Purchase, etc.

CANADIANS

1981 High	Low	Stock	Price	+ or –	Div. Gross	C'vr	Grs. Yld
16¾	[illegible]	Imperial Oil‖	11⅞	......	$1.40	—	5.2
[illegible]	712p	Inco‖	712p	......	SU520c	—	1.6
750p	455p	Int. Nat. Gas $1 ...	620p	−5	$1.10	—	7.8
210p	113p	Massey Ferg.‖.....	119p	+3	—	—	—
120p	45p	Place Gas $1	50p	......	—	—	—
17½	10¼	Rio Algom	16⅜	+¼	$1.50	—	4.0
13	10⅞	Royal Bk. Can. $1	12xd	+¼	$1.96	—	7.2
32⅛	23¼	Seagram Co. C$1	30¼	+⅛	US$1.40	—	2.6
14⅛	11¼	Tor. Dom. Bk. $1	13½	......	$1.80	—	5.9
11	750p	Trans Can. Pipe ...	839p	+19	$1.16	—	6.1

BANKS AND HIRE PURCHASE

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	...	Q2.5c	—	3.5
41	14	ACM 20c	22	−1	—	—	—
21	9	Argosy Gold NL 25c	11	...	—	—	—
229	134	Bond Corp.	138	...	Q10c	2.3	4.5
112	70	Bougainville I Kina	72	−1	‡Q25 4c	1.0	‡
302	190	CRA 50c	190	−4	Q19c	1.7	6.1
25	9	Canada Northwest	9	−½	—	—	—
35	13	Carr Boyd 20c	13	−1	—	—	—
415	43	Central Pacific	50	−2	—	—	—
35	9	Cons. Gold Min N.L. 50c	9	...	—	—	—
47	13	Cultus Pacific N L	15	−1	—	—	—
68	22	Eagle Corp. 10c	30	...	—	—	—
40	22	Endeavour 20c	22	−1	—	—	—
560	310	G. M. Kalgoorlie 25c	425	−20	Q32½c	ϕ	4.7
25	7	Great Eastern	7	−1	—	—	—
185	65	Greenbushes Tin 50c	65	−20	Q6c	1.9	5.6
275	130	Hampton Areas 10p	130	−10	2.5	3.1	2.7
168	36	Haoma Gold N.L.	36	−2	—	—	—
85	20	Intl. Mining	20	...	—	—	—
118	24	Jimberlana (50cFP)	24	−2	—	—	—
15	10	Kalbara Min 20c	10	...	—	—	—
245	135	Kitchener NL 25c	145	−10	—	—	—
105	16	Leichardt Expln.	17	−1	—	—	—
430	275	Meekatharra	370	−10	—	—	—
70	40	Metals Ex. 50c	44	−1	§Q3c	ϕ	4.0
38	20	Metramar Mns. 20cts	22	...	—	—	—
20	10	Mid East Mins. NL	10	−½	—	—	—
290	190	M.I.M. Hldgs. 50c	202	...	Q15c	ϕ	4.7
21	7½	Minefields Expl. 25c	8	...	—	—	—
20	13	Newmetal 20c	16	...	—	—	—
69	40	Nickelore N.L.	46	...	—	—	—
204	149	North B. Hill 50c	158	...	Q18c	ϕ	7.1
84	50	Nth. Kalgurli	75	−6	—	—	—
200	94	Nth. Mining Corp.	175	...	ϕ—	—	—
122	24	N. West Mining N.L.	24	−1	ϕ—	—	—
150	106	Oakbridge 50c	116	...	Q6½c	ϕ	3.5
185	90	Otter N. L.	95	−2	—	—	—
188	106	Pacific Copper	106	−2	—	—	—
*423	126	Pancont'l 25c	128	+2	—	—	—
88	42	Paringa M&Ex 5p	67	−2	—	—	—
525	360	Peko-Wallsend 50c	360	−10	Q15c	—	2.6
43	16	Pelsart Res NL	24	...	—	—	—
120	58	Seltrust A	62	−2	—	—	—
157	18	Southern Pacific	24	−1	—	—	—
100	40	Swan Resources 20c	50	...	—	—	—
316	75	Vultan Mins 20c	80	...	—	—	—
18½	8	West Coast 25c	8½	−1	—	—	—
130	90	Westn. Cont 50c	95	...	—	—	—
535	227	Westn. Mining 50c	265	−2	Q14c	1.6	3.2
27	14	Westmex	14	...	—	—	—
76	38	Whim Creek 20c	44	...	—	—	—
101	25	York Resources	25	...	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8	Amal Nigeria 1p	8	...	‡h6.0	—	—
300	210	Ayer Hitam $M1	225	...	‡Q20c	1.0	‡
210	98	Geevor	160	...	—	—	—
11	8	Gold & Base 12½p	9	...	—	—	—
660	471	Gopeng Cons.	475xd	+4	213.0	1.8	3.9
450	310	Hongkong	320	...	21.0	ϕ	9.4
160	110	Idris 10p	155#	...	‡9.0	0.8	‡
*29	10	Jantar 12½p	18	...	‡1.5	4.0	11.9
98	60	Kamunting $M0.50	60	...	Q27½c	0.8	0.0
665	363	Killinghall $M1	500	...	‡Q66.7c	ϕ	3.2
114	88	Malay Dredging 10c	92	...	ϕ‡Q38c	0.9	10.1
68	30	Pahang	32	...	‡0.63	0.8	‡
138	90	Pengkalen 10p	112	...	3.5	0.6	4.5
380	290	Petaling $M1	290	...	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	...	—	—	—
225	185	Sungei Besi $M1	195	...	Q310c	1.1	37.9
185	90	Supreme Corp. $M1	90	...	‡Q15½c	ϕ	4.2
118	100	Tanjong 15p	100	...	3.5	3.7	5.0
90	60	Tongkah H. Tin $M1	60	...	Q25%	0.4	7.7
410	220	Tronoh $M1	250	...	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	330	−20	‡Q45c	4.7	7.8

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	35	−1	—	—	—
25½	12	Burma Mines 10p	12	...	0.75	0.9	8.9
330	85	Colby Res. Corp.	150	−20	—	—	—
330	200	Cons. Murch. 10c	290	...	‡Q30c	1.8	5.9
10	6	††Exploura Gold	9½	...	—	—	—
98	47	††Hemerdon 10c	60	...	—	—	—
180	65	Highwood Res.	85	−10	—	—	—
505	260	Northgate C$1	305	...	—	—	—
633	372	R.T.Z.	444	−6	16.0	2.3	5.2
£130½	£93½	Do 9½% Cn Un Ln '95-2000	£102	−1½	Q9½%	—	†9.4
103	13	††SPO Minerals 10p	26	...	—	—	—
47	20	Sabina Inds. C$1	22	...	—	—	—
44	21	✣Southwest C. 10p	25	...	—	—	—
585	465	Tara Exptn. $1	565	...	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution: this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40	−1
Bertrams	8	...
Bdg'wtr. Est. 50p	480	...
Craig & Rose £1	£13	...
Finlay Pkg. 5p	21½	...
Graig Shpg. £1	£19	...
Higsons Brew	63	...
Holt (Jos) 25p	510	+5
I.O.M. Stm. £1	150xd	+4
Pearce (C. H.)	760	...
Peel Hldgs.	172	...
Sheff. Refrshmt	90	...
Sindall (Wm.)	190	...

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92⅞	...
Nat. 9¾% 84/89	£68½	...
Fin. 13% 97/02	£73	...
Alliance Gas	60	...
Arnott	212	...
Carroll (P.J.)	76	...
Concrete Prods.	90	...
Heiton (Hldgs.)	24	...
Irish Ropes	40	...
Jacob	65	...
T.M.G.	16	...
Unidare	60	...

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	23	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	9	Land Secs.	38
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lofs"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	28	Lucas Inds.	18	Town & City	2¼
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	12
Distillers	16	P & O Dfd.	9	Premier	7
Dunlop	6½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	4	R.H.M.	5	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	14	**Mines**	
Gen. Electric	55	Reed Intnl.	23	Charter Cons.	21
Glaxo	52	Sears	5	Cons. Gold	40
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. 'A'	36	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	11		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd	25	Turner & Newall	7½		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday October 27 1981

FOUR EEC MEMBERS SET TO JOIN SINAI ACCORD

Britain may join peace force

BY JOHN WYLES IN BRUSSELS

BRITAIN, France, Italy and the Netherlands are expected shortly to announce plans to join an international peace-keeping force in Sinai after Israel withdraws next April.

The decision could damage the prospects for the European Community's peace initiative in the Arab world because it involves a form of EEC participation in implementing the Camp David accord and Egypt-Israel peace traty which have been rejected by most Arab countries.

The plan is also notable because the four governments involved took pains to gain clear endorsement from their Community partners.

EEC Foreign Ministers are understood to have agreed yesterday that participation in Sinai peace-keeping would be in line with their objective, set down in the EEC's Venice declaratiotn, of securing Israeli withdrawal from occupied Arab territories.

M Claude Cheysson, the French Foreign Minister, said after the talks that diplomacy was about taking risks. The Europeans were being called upon to prove that their political co-operation was not just a "talking shop."

He said France had been asked by Egypt to send troops to the Sinai before President Anwar Sadat was assassinated. His death had weakened Egypt politically and it was crucial that Israeli withdrawal from Sinai went ahead in line with the Camp David agreements.

Ministers did not take a formal decision yesterday but they agreed to go ahead with preparations at official level.

These would set the terms under which the four member states would join the force as well as preparing the Community's declaration announcing the final decision.

The strongest dissent came from the new Greek Government which has already broken ranks and gone further than its EEC partners by announcing that it is givin full diplomatic status and recognition to the Palestine Liberation Organisation.

Nevertheless, it seems unlikely that Greek objections will hold up a Community decision. Nor does it seem likely that any Arab objections will block it.

Both M Cheysson and Lord Carrington, the UK Foreign Secretary, discussed the issue with Saudi Arabia's Prince Fahd when they attended the North-South summit in Cancun, Mexico, last week.

There are no clear indications of Saudi reaction but it seems unlikely that the EEC would risk its emerging partnership with the Saudis aimed at developing joint peace proposals for the Middle East if Riyadh was strongly opposed

The full composition of the Sinai peace-keeping force has yet to be fixed. Fiji and Colombia have so far agreed to take part. British participation has been sought by the U.S. It is likely to be small in terms of troop numbers and once announced, could be followed by the participation of Australia, Canada and New Zealand.

Bonn current account deficit 'to shrink'

BY JONATHAN CARR IN BONN

WEST GERMANY'S current account is likely to be almost in balance in 1982, following three successive years of big deficits, and the D-Mark should strengthen further, according to the country's leading economic institutes.

In their autumn report, released yesterday however, the institutes say the economy will grow by only about 1 per cent in real terms and that unemployment will rise to an average 1.6m.

One of the institutes, based in Kiel, suggests growth will be less than 1 per cent and that the number of jobless will be higher. The tone struck by the other four, however, is optimistic.

That applies in particular to the projection that the current account deficit, which totalled DM 30bn (£7.2bn) last year and is unlikely to be much less this year, will almost vanish in 1982.

The institutes base their forecasts on the following assumptions:

- World trade will pick up next year and West Germany will share fully in the increase.

German exports are likely to grow by 9 per cent and imports by 5 per cent, thus boosting the visible trade surplus; at the same time, the existing deficit on services and transfer payments is not likely to be much larger in 1982, so the current-account deficit will decline.

- The strengthening of the D-mark, which has already set in this year after a long period of weakness, will continue in 1982.

The institutes say this will be not only because of the improving current account but because the West German inflation rate, at an average 4.5 per cent next year, will be well below that of almost all foreign rivals; in particular the D-mark is expected to strengthen towards a rate of about DM 2 against the U.S. dollar (compared with more than DM 2.50 this summer).

- Wage agreements to be negotiated this winter for 1982 are likely to be lower than this year's — which were themselves below the German inflation rate; the institutes explain this projection by saying that the growing number of jobless and the clear cut in business profitability this year will partly undercut the trade unions' bargaining position.
- The Bundesbank, the central bank, is expected to loosen the monetary brakes a little, thus helping to create conditions for more economic growth.

The institutes recommend that the Bundesbank should set a monetary-growth target for 1982 of 5.5 per cent to 6 per cent (compared with a target range of 4 per cent to 7 per cent this year).

The upshot of all this should be a rise of about 1 per cent in gross national product in real terms, after a fall of close to 1 per cent this year. That increase, however, will not be enough to prevent a rise in the jobless total to more than 1.6m, the institutes say.

Details, Page 2

BBC world service cuts reduced

By Margaret Van Hattem

THE GOVERNMENT yesterday yielded to strong pressure from its back benches and granted a partial reprieve for BBC external radio services which had been scheduled for the axe.

Instead of cutting £3m from the proposed spending over the next year, the BBC will now be asked to make savings of £1.5m, Mr Richard Luce, Minister of State at the Foreign Office, told the House of Commons.

This means that three foreign language services—to Malta, Spain and Italy—will be abolished. However, four others previously under threat will be retained. These include broadcasts to Somalia and Burma, which will be preserved intact, and those to Brazil and France, which will be halved.

A £1m annual subsidy to the BBC's transcription services, which was to have been abolished, will now be halved.

The cuts had been proposed to help finance a 10-year £102m programme of investment in new transmitters, and to improve the audibility of the BBC's broadcasts throughout the world.

Several Conservative backbenchers yesterday dismissed the concessions as inadequate, and voted against the Government.

This small rebellion was being seen as a warning to the Government in advance of the far more drastic round of spending cuts now under discussion in Cabinet, and the focus of strong Conservative dissatisfaction with the Government's medium-term financial strategy.

Parliament, Page 8

BL union leader raises hopes of talks to avert strike

BY PHILIP BASSETT, LABOUR STAFF

MR KEN CURE, BL's senior engineering union negotiator, yesterday raised hopes of talks to avert next week's threatened strike over pay, though the car company seemed to be still standing firm last night.

Though all the parties involved were insisting that no meetings had been fixed, strong rumours were persistent last night that some fresh development was in the offing, and could take place as early as today.

Mr Cure said that the TUC might make approaches on the strike to BL or to the Government.

Describing the TUC involvement as "top level," he said: "The TUC is getting involved because it affects not only those directly working at BL but many subsidiary workers throughout the country." Officials of the Transport and General Workers' Union confirmed the possibility of TUC involvement.

While acknowledging that Mr Len Murray, its general secretary, was keeping in close touch with the dispute, the TUC was keen to play down the possibility of direct intervention at this stage.

Any moves by Mr Murray might be more likely to be efforts to coax the parties towards the Advisory, Conciliation and Arbitration Service, which is maintaining informal contact with both sides.

The dispute is expected to be examined at a meeting today between Mr Cure, Mr Grenville Hawley, national automotive secretary of the TGWU, Mr Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff (Apex), and Mr Michael Foot, the Labour Party leader, at which the unions are expected to brief him on the position.

Labour MPs from the Midlands yesterday met Sir Michael Edwardes; BL chairman, over the threat to employment in the area if he carried out his warning to liquidate those parts of the company hit by a strike.

Mr Geoffrey Robinson, MP for Coventry North-west, said that the dispute would end in disaster unless the Government "bashed some heads together" and persuaded the two sides to negotiate. Mr Roy Hattersley, MP for Birmingham Sparkbrook, said Sir Michael had given them a glimmer of hope in that he had said he would do all he could to keep the company going.

Mr Norman Lamont, Minister for Industry, said in a Commons written answer yesterday that the dispute had not yet reached the stage where the BL board would need to consult the Government about liquidation plans. The board meets tomorrow to decide whether to submit the company's corporate plan and how to implement closures if necessary.

- Average bonuses for BL workers have been rising steadily and their growth may lead to some workers accepting "a very modest" increase in basic rates, according to the study group Incomes Data Services. It published figures showing that the average bonus across all BL plants in the 10 months to September 1981 was £6.53.

Banks criticise Mitterrand plan

BY WILLIAM HALL, BANKING CORRESPONDENT

COMMERZBANK, Wells Fargo Bank and Bank of Scotland were among 16 financial institutions from Europe and the U.S. which met in London yesterday to discuss ways of winning better compensations terms for their shares in French companies which are to be nationalised.

In a communique after their meeting at the Tower Hotel, the participants said "the compensation proposals, as they presently stand, fall short of generally accepted principles of international law concerning adequate, prompt and effective compensation."

The meeting is the latest sign that foreign shareholders in French companies on President Mitterrand's nationalisation list are stepping up their fight to win better terms. A fortnight ago representatives of Swiss, British and Benelux shareholders met in Brussels to discuss what action they could take.

The institutions which met in London yesterday said that independent valuation of several of the banks and companies due to be nationalised "points to a valuation of at least twice that proposed by the French authorities."

The communique stated that the 16 participants (not all of whom were named) intend to use "all legal means at our disposal" to receive "an adequate, prompt and effective compensation."

On the subject of how compensation terms are worked out, yesterday's communique said that consolidated accounts should be used as only they show the effective value of the companies to be nationalised. It also said that the past four years of inflation should be taken into account and the weight given to stock market prices is "far too high."

The reference period included periods of political uncertainty which has heavily depressed prices. It was also felt that it was incorrect to adopt a uniform price/earnings ratio.

Considerable concern was also expressed about the method of compensation payment. It should be paid immediately in cash, or proper protection should be given for inflation, foreign exchange fluctuations, marketability and French taxes the institutions urged.

Continued from Page 1

Masons

Peter Hardy, chief executive. Mrs Mason was angry at company losses which last year reached £2.4m.

Mrs Mason had proposed that both men be replaced, and this was to have been considered at an extraordinary general meeting on October 1. Both directors countered the attack by moving that Mrs Mason and her son be removed from the board, and this was to have been decided at a second meeting also on October 1.

But before the meetings and the annual general meeting could be held the issue moved into the courts.

Part of Mrs Mason's voting strength arises out of a holding in Lothbury Investment Corporation, where she is executrix on behalf of her late father. The minority shareholders in Lothbury sought to prevent Mrs Mason pledging the whole of its voting strength behind her proposal to oust Mr Hanson and Mr Hardy.

Airlines

Continued from Page 1

cause of changes in the U.S. Government's attitudes to the Iata airlines.

The hostility shown by the Carter Administration, exemplified in the threat by the U.S. Civil Aeronautics Board to withdraw the anti-trust immunity of the Iata airlines, has substantially softened under the Reagan Government.

Although the therat has not been entirely removed, the 46 scheduled airlines flying the North Atlantic feel more confident that they can work out a fares package that will be acceptable to the U.S.

Many airlines are against raising fares, which they consider would further deter traffic in a time of severe recession, and because the industry's financial problems is to cut costs.

But other airliners feel that increases on the scale suggested are essential in the short-term of the industry is to survive in the face of mounting losses.

Airlines are also trying urgently to find ways of combating illegal practices such as fares discounting which denies them revenues amounting to hundreds of millions of dollars a year.

Continued from Page 1

Romania

countries have echoed the various Soviet negotiating postures—including the offer of a freeze on deployment of further SS20 missiles—none has publicly stated that the missiles should be withdrawn.

Romania has followed an independent foreign policy within the Warsaw Pact and has talked of cutting its defence spending and of the ultimate desirability of dissolving both the Nato alliance and the Warsaw Pact. In the past however, pursuit of these policies have stopped short of public, direct attacks

Business intelligence service details aims

By Alan Friedman and Elinor Goodman

A PRIVATE intelligence organisation to serve decision-makers in international business is to be launched next month. The company, International Reporting and Information System (IRIS), will be based in Washington.

Mr Tony Stout, chairman of IRIS, yesterday responded to speculation that Mr Edward Heath, the former Conservative Prime Minister, might join the company by issuing a statement in Washington, which detailed plans to set up the service.

Although Mr Stout would not comment, Mr Heath is considering a job which would carry a substantial salary. It would be a part-time position and would be compatible with his role as an MP.

Mr Heath's office yesterday refused to confirm or deny that he was going to accept the job, but stressed that he would not even be considering it if it meant withdrawing from British olitics. Mr Stout refused to comment on any involvement by Mr Heath.

Mr Stout described IRIS as a service which would make use of political analysts and computer technology to provide information to business and governmental subscribers.

In London Mr Charles Williams, chief executive of Henry Ansbacher, the merchant bank, confirmed his bank's involvement in placing shareholdings in IRIS to investors in the UK and abroad.

"We have got very powerful backing for the project and the initial funding is fully adequate for our present purposes," he said.

Mr Williams would not discuss the amount of capital being raised but it is believed to be in between $5m and $10m.

The company will operate with the Government Research Corporation, a U.S. information service which publishes the National Journal, a periodical which reports on the American Government and politics.

IRIS's main aim will be to serve the international insurance market by providing information on political risk.

The company will also try to sell the service to multinational corporations, commercial and investment banks and government agencies. A staff of 32 full-time political analysts will be employed.

The IRIS network has been modelled on the intelligence gathering and analytical techniques of the Central Intelligence Agency (CIA), but its promoters claim to have developed computer software which goes beyond the CIA's present abilities.

Mr David Kingsley, a member of the IRIS team, said last night that the company's system would be designed by a former CIA consultant.

Weather

UK WEATHER

COLD and windy.

S, W, E, Central, N, NE England, Borders, S Wales
Sunny intervals, blustery showers, wind strong. Cold. Max 10C (50F).

NW England, N Wales, Lake District, Isle of Man, Scotland, Orkney, Shetland, N Ireland
Frequent blustery showers, wind strong to gale. Cold. Max 8C (46F).

Outlook: Unsettled and cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	T	11	52	L. Ang.†	C	17	63
Algiers	C	20	68	Luxmbg.	F	6	43
Amsdm.	F	9	48	Luxor	S	35	95
Athens	F	21	70	Madrid	C	14	57
Bahrain		—	—	Majorca	R	14	57
Barclna.	S	18	64	Malaga	S	20	68
Beirut	S	26	79	Malta	S	23	73
Belfast	R	6	43	M'chstr	C	7	45
Belgrd.	S	15	59	Melbne.	F	29	84
Berlin	F	9	48	Mx. C.†		—	—
Biarritz	F	12	54	Miami†	F	27	81
Bmghm.	C	9	48	Milan	R	6	43
Blackpl.	C	9	48	Montrl.†	R	7	45
Bordx.	F	12	54	Moscow	C	8	46
Boulgn.	R	6	43	Munich	C	6	43
Bristol	C	10	50	Nairobi	C	18	64
Brussels	C	6	43	Naples	F	20	68
Budpst.	S	11	52	Nassau		—	—
Cairo	S	30	86	Nwcstl.	C	7	45
Cardiff	C	9	48	N York†	R	12	54
Cas'b'ca	S	20	68	Nice	C	14	57
Cape T.	S	20	68	Nicosia	S	26	79
Chicg.†	F	3	37	Oporto	S	17	63
Cologne	C	8	46	Oslo	S	5	41
Cpnhgn.	C	8	46	Paris	C	7	45
Corfu	R	16	61	Perth	C	4	39
Denver†	F	4	39	Prague	C	4	39
Dublin	R	8	46	Rykjvk.	F	3	37
Dbrvnk.	S	16	61	Rhodes	S	23	73
Ednbgh.	C	7	45	Rio J'o†		—	—
Faro	S	21	70	Rome	C	19	66
Florence	R	13	55	Salzbrg.	C	9	48
Frankft.	F	7	45	S'cisco†	C	14	57
Funchal	C	20	68	S. Mritz.		—	—
Geneva	F	6	43	Singapr.		—	—
Gibrltr.	S	20	68	S'tiago†		—	—
Gl'sg'w	C	7	45	Stckhm.	C	2	36
G'rnsey	C	9	48	Strasbg.	C	7	45
Helsinki	C	3	37	Sydney	S	21	70
H. Kong	S	24	75	Tangier	S	19	66
Innsbrk.	F	11	52	Tel Aviv	S	26	79
Invrnss.	C	6	43	Tenerife	F	23	73
I.o.Man	C	9	48	Tokyo	F	18	64
Istanbul	C	16	61	T'r'nto†	R	6	43
Jersey	C	11	52	Tunis	F	22	72
Jo'burg	R	16	61	Valencia	F	16	61
L. Plms.	C	23	73	Venice	R	10	50
Lisbon	S	18	64	Vienna	F	11	52
Locarno	Sn	1	34	Warsaw	F	10	50
London	S	9	48	Zurich	C	5	41

C—Cloudy. F—Fair. H—Hail. R—Rain. S—Sunny. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Castings in the melting pot

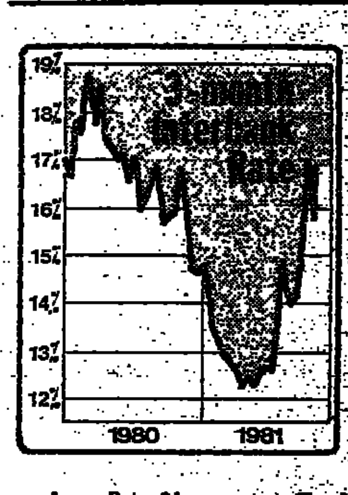
The fate of the Lazard's promoted plan for rationalising the UK steel castings industry will probably be decided in the next fortnight—and it looks touch and go. So far companies representing nearly 15 per cent of total capacity have agreed to close down, and the proportion probably needs to get nearer to 25 per cent to make the whole thing worthwhile.

Some companies evidently feel that the proposals do not go far enough, and would prefer to let nature take its course. Others may be tempted by the thought that if the scheme goes ahead without their participation, they will enjoy the benefits of the closures without having to pay the sales levy which the companies that remain open under the scheme will pay over to those which close down.

That attitude could frustrate the whole plan, which would be a pity. An orderly run down should help to preserve a larger amount of efficient capacity than would result from a fight to the death. And this scheme looks a lot more practical than the proposals for the special steel sector which are now under discussion in the EEC Commission and will call for the co-operation of a wide number of interest groups to limit price competition.

The Government may well have a part to play in getting the castings plan through. The foundries which close will want a lump sum to pay for redundancies rather than the promise of a future income stream. Some form of Government guarantee could reduce the cost of financing such a transaction, and so help persuade the waverers to come in. In today's economic climate, strictly limited subsidies for rationalisation may make as much sense as allowances for capital investment.

Index fell 0.1 to 461.8



Highland Dist.

Highland Distilleries' pre-tax profits for the year to August have fallen by 12 per cent to £5.1m. In fact the performance at the trading level has strengthened in the second half, when profits were about 3 per cent higher than at the same period of 1980.

Once again the secure position of Famous Grouse at the higher end of the price range has underpinned the figures. The brand is now making strong inroads into the UK market outside Scotland. With volume growth of 5 per cent, against a likely 10 per cent decline or more for the industry as a whole, Famous Grouse's market share may have moved up from 8 to 9½ per cent. Trading profits here have accordingly jumped, possibly by two-fifths in the year to about £2½m; with its own brand now accounting for little short of half total profits, Highland's quality of earnings has perceptibly improved.

But while Famous Grouse has remained above the fray being waged in the middle market, Highland has not been immune on its new whisky fillings and mature whisky sales, both of which have fallen sharply. The whisky market is still affected by destocking at every level, and it may be a year or more before the position stabilises. The industry has revised world growth projections from 10 per cent to about 4 per cent a year compound. And if that figure is reduced further, as the U.S. market experience suggests it may be, a new round of destocking may be touched off.

In this environment Highland's stock has come down sharply since the puncturing of takeover hopes last year. Nevertheless, at 79p up 2p yesterday, the yield is 4.8 per cent, a high rating that is based on expectations of further sharp gains in market share.

Markets

The great base rate balancing act was still going strong yesterday—indeed, the tightrope is a notch higher than it was before the weekend. Three month interbank moved up another ⅛ point to 16⅞ per cent, while the one-week rate, probably the most sensitive indicator of the banks' cost of funds at the moment, rose ¼ point to 15¾ per cent. Luckily the Bank of England is still offering plentiful liquidity on easy terms, but a storm on the foreign exchanges could easily change all that, and the clearing banks must be working out whose turn it is to be first with a base rate of 16½ or 17 per cent.

The gilt-edged lists presented their usual melancholy appearance, with falls of half a point pretty well throughout the market; brokers seem reluctant to persuading their clients to take tax losses on the stocks they bought 11 months ago. The four to ten year [illegible] recently been [illegible] by the same [illegible] the longs, so that a more pronounced peak in the yield curve is developing in the medium-dated area, [illegible] now within a couple of basis points of 17 per cent. Fortunately for the underwriters of the Castle Wireless issue, the equity market put in a much more level-headed performance.

Japanese bonds

The Japanese government's attempt to stimulate the economy by holding down long term interest rates is once again running into trouble. The country's City banks are balking at the prospect of buying 10 year bonds at a yield of 8.26 per cent—a quarter of a point below the secondary market rate.

The situation may not be as critical as in July and August when an underwriters' strike caused the government to cancel all public offerings, but the Ministry of Finance will need its considerable powers of persuasion if next month's target is to be met at the proposed rate. Already behind on its borrowing programme, it is hoping to raise around Y1,000bn in 10 year bonds.

The government has been stepping up its auctions of two and three year bonds which will this year account for around 40 per cent of its gross debt financing needs. But the level of long term bond offerings is still high enough to make life difficult for corporate issuers, which are discourage from offering much of a premium to government rates. And the prospect of heavy redemptions a few years from now is already worrying the banks. The Ministry of Finance is hoping to eliminate deficit financing by 1984 but the underwriters do not share its optimism.

AE

In yesterday's column it was wrongly stated that the proportion of AE's sales going to BL had halved over the last decade to 10 per cent. In fact the figure has halved to roughly 5 per cent.

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